THE FINANCIAL POST

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The Nation's Business

No Clear-cut Issues in Ontario

Small Vote Likely on Oct. 6

Denton Massey Taught Lesson

Lord Hewart Strikes at Bureaucracy

Mr. Dunning Reforms Civil List

Ontario Prepares to Vote

HALF a million voters in Ontario are being passionately wooed these days for the votes which will elect the province's 20th Legislature. Despite the heat of professional argument there is considerable indifference among the rank and file of the people. The reason is probably the lack of outstanding or clear-cut campaign issues.

Premier Hepburn says he needs a mandate to collect unpaid succession duties; to justify his C.I.O. policy and to vindicate his repudiation of power contracts signed by the provincial Hydro system. "Beverage rooms" are also being widely discussed especially in rural constituencies. Besides argument on these issues Mr. Hepburn is properly making capital of the financial record of his Government with its balanced budget and its recent lowering of taxation. But as pointed out in this column some weeks ago there is not one of these matters that is pressing enough to justify an election or to warrant an appeal to the country a full year earlier than need be.

* * *

Waters Are Muddied

AS TO succession duties it is surely obvious that Premier Hepburn already has ample power in the courts to collect any and all moneys of which the province may have been defrauded in the past. He needs no mandate to collect money that is due the province and should not ask for one to wheedle it out of heirs who are not conscious of any attempt at fraud or evasion.

In labor matters, the waters have become very muddied since Mr. Hepburn took his firm and courageous stand for maintenance of law and order at Oshawa last spring. The threat of the Lewis dictatorship in Canada has passed—at least for the time being—although quiet but not highly successful campaigning on the part of C.I.O. affiliates continues in Ontario and other provinces without let or hindrance on the part of governments. Both parties in Ontario are doing little more than asserting the traditional right of labor to organize, so long as such organization is carried on in lawful and law-abiding fashion. The difference between Mr. Hepburn and Mr. Rowe is one of emphasis and employers undoubtedly feel that Mr. Hepburn is the better safeguard against radical labor agitators.

About the most positive result of the introduction of the labor issue has been to alienate the official support for Ontario Liberals of the Federal Prime Minister and most of his followers, and to turn rabidly partisan newspapers such as the Toronto Telegram (Ind. Cons.) and the Toronto Star (Ind. Lib.) completely right about face in their political tracks.

In Hydro affairs, Premier Hepburn is making much capital of the substantial savings to consumers resulting from his cancellation of power contracts two years ago. Here he is not on solid ground. It remains to be seen whether or not the province has seriously jeopardized its industrial future by cutting off future supplies by its cancellation policy. It has certainly injured its credit, while making large immediate financial savings at the expense of investors.

Mr. Rowe, for his part, makes no promises that he will restore the old contracts but merely indicates that present rate reductions will be maintained by "sound administration rather than by dishonest repudiation."

* * *

Personalities Dominate

IN THE realm of finance, the Hepburn Government has achieved an excellent record in making Ontario the first province properly to balance its budget and in passing on to taxpayers the benefits of an improved financial position. When the smoke of election battle has cleared it is to be feared that some of this accomplishment may have evaporated in the lavish expenditures—amounting in some cases to little short of bribery—which seemingly always characterize an election period and which have not been missing in this case.

Mr. Rowe, on the other hand, has made a bad blunder in trying to attack the fiscal record of the Government by means of misleading and inaccurate statements on the financial affairs of the province, statements which amount in some cases to virtual misrepresentation of the true facts of the case.

As to what the outcome will be, few will hazard an authoritative prediction. The bulk of the province is normally Conservative in its politics and Conservatives had previously held office for almost a generation before the rise of the present Premier to power three years ago. In Mr. Hepburn's favor are the return of good times to most parts of the province and a lack of color in the

(Continued on page 2, col. 3)

Surprise Audit Toronto Brokers

A real "surprise" audit is under way this week for members of the Toronto Stock Exchange. Auditors appeared in brokers' offices on Sept. 20 to make their semi-annual check-up. It is the first time that such an audit has been made on a date other than a month-end.

The exchange audits of members' accounts take place usually March 31 and about Sept. 30. The autumn audit, however, is made without warning and is therefore termed a "surprise audit." It is not much of a surprise when it occurs on Sept. 30, but it was a surprise to have it made 10 days earlier.

While Montreal Stock Exchange auditing usually occurs about the same time as that in Toronto, the Sept. 20 survey only occurred at Toronto.

Car Makers Say Profits Hit

Tell Tariff Board That Still Higher Prices Certain

From Our Own Correspondent

OTTAWA.—Out of miscellaneous testimony taken by the Federal Tariff Board during a two-day sitting devoted to the tariff problems of the automotive industry, the highlight was the strong prospect which was indicated of higher motor car prices in 1938. This would be in addition to the small increases announced by many manufacturers this fall.

This prospect developed despite the fact that the Tariff Board at that particular moment was engaged in probing the price differential between motor cars in the United States and in Canada.

Need More Volume

The only way in which Canadian motor car prices could be scaled down, the Canadian manufacturers testified, would be by securing a greater volume of business, with consequently lower production costs per unit. With wages and materials already substantially increased during the past few months, higher prices for next year were already indicated.

In its appearance before the Tariff Board the industry demonstrated convincingly to the Commissioners that, despite higher Canadian prices, it was not profiting unduly by its operations.

H. J. Carmichael, vice-president of General Motors Limited of Canada, testified to the board that during the past year his concern had earned only 5% on a volume of approximately $34 millions. Furthermore, he said, under the tariff cuts of a year ago the competition of low-priced United States cars was becoming an increasingly serious factor, making the maintenance of the profit margin steadily more difficult. In the first seven months of this year, Mr. Carmichael stated, the imports of American lower-priced cars had increased from 5,800 to 13,000. The total for the year would probably reach 20,000.

The General Motors representative took active issue before the board with the contention that the Canadian manufacturers had made no attempt to reduce the differential

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War Effects On Markets Are Analyzed

1914-18 Record Shows Some Unanticipated Turns

MANY ADVANCES

By C. W. STOLLERY

Investment bulletins and advisory services are full of phrases that have caused the investor concern over the question of what will happen to securities if war comes. Such phrases as these:

"Barring war, the longer range outlook is favorable..."

"Provided there are no more dangerous European complications..."

"War would prove a serious shock to stock markets..."

The very thought of war tends to upset security values. Which, however, still leaves unanswered the question: What will happen to stocks if war does come?

The only modern precedent from which the investor can obtain guidance is the experience of the Great War. Looking back to years 1914 to 1919 the records show that the war had pronounced effects on securities but that the effects took some turns that were obviously not anticipated.

Looking Back to War

What happened in 1914 was that even before Britain became involved the Montreal and Toronto stock exchanges were closed, on July 28, owing to panicky conditions. Great Britain declared war on Germany on August 4.

Restricted trading in stocks was resumed by the committee of the Toronto Stock Exchange on October 15, but such dealings were confined to stocks actually carried on insufficient margin and at fixed minimum prices. It was a plan to liquidate weaker accounts at a time when buyers were scarce.

On October 23 the full list of securities was opened to trading but also at fixed prices. Restrictions on selling orders were removed on November 4 though preference was still given to orders to sell stock carried on margin.

Open trading without restrictions was resumed in mining shares on March 27, 1915, followed by open trading on April 6, 1915, in all securities selling above the minimum fixed prices. Procedure adopted by the Montreal Stock Exchange was practically the same.

It seems safe to say that one of the first results of war would be collapse of prices for securities as there would be an extensive rush for liquidity. It is not perfectly clear why there is such a demand for cash when war starts. The chief reason may be the psychological one that in times of crisis people want cash rather than securities simply because they fear the unknown.

Plunge in July, 1914

At any rate, the lowest prices for most stocks on the Canadian exchanges in 1914 were registered in July, immediately prior to the closings. There had been a declining price trend in stocks since the first of the year but the plunge came in July after it became known that war was virtually inevitable.

In July, 1914, C. P. R. fell from 194½ to 171, Brazilian Traction from 77½ to 59¼, Laurentide (paper) from 184½ to 164½, and so on. Only a few stocks in July, 1914, held

(Continued on page 5)

Rhapsody in the Red

Shop windows in the Soviet. Left, a candy shop shows its wares. A five-cent bar of chocolate sells for four roubles—80 cents for the foreigner or 20 cents to the native. Photos by M. R. Chipman.

The writer and Mrs. Chipman.

Social Credit Tries to Expand

Aberhart Emissaries Attempting to Organize in Saskatchewan

REGINA, Sask.—Taking advantage of economic conditions due to an extremely short crop this year Social Credit forces are at work in Saskatchewan organizing study clubs.

The line of attack by Social Credit speakers is that banks have power to increase credit but they will not do so. Social Credit, they say, has asked for co-operation of banks in Alberta in order to alleviate distress conditions but the banks do not see fit to co-operate. Therefore it is up to the people to back Social Credit and get their "heritage" in the form of Social Credit.

The Saskatchewan Government has two years to run yet before election day rolls around. Premier W. J. Patterson's Liberal Government is doing its best to cope with the difficult situation it has to face this winter but it is natural to expect there will be some dissatisfaction. A large part of the province is without crop and therefore with a state of income that will not allow much cheering on part of the farmer and his family. It is this situation, on which Social Credit hopes to feed.

Pitiably Low Wages Paid Russians for Five Days in Six-day Week Impress Financial Post Writer

In the first of a group of articles M. R. Chipman, eastern manager of The Financial Post, writes of conditions in Russia from the viewpoint of a Canadian businessman. Mr. Chipman's articles on Russia will complete an extensive survey he has made in Europe this summer.

By MURRAY R. CHIPMAN,
Eastern Manager, The Financial Post

A trip to Russia is an extraordinary experience.

I can imagine no place more certain to challenge your traditional thinking and to kindle your emotions either for, or against, what you see and learn.

It seems to be characteristic of visitors to the Soviet Union that they become either violently "for" or "against."

And there is plenty of material for one to do either, depending on one's experiences there and one's previous point of view.

This was emphasized to me the first day we were in Moscow. We had just come from Leningrad. There we had first been exposed to the persuasive Soviet propaganda. I was bursting to ask questions of a contra and critical mind.

"But" Constant Companion

My informant, a foreign resident to whom I plied questions, said: "You know I have come to the conclusion after living here for some time that everything which is written about Russia is true—BUT . . ."

And so "but" proved to be our constant companion as we tried to get a balanced viewpoint between the fanatical propaganda on the one hand and the bitter criticism we found on the other; even as we tried to weigh the evidence of our own eyes as we viewed the Soviet scene.

What is the truth about Russia? If I attempt some answers to that question and seemingly speak with an authority ill-becoming a transient tourist, may I ask the reader to understand that I will be expressing most often the views of others well qualified to speak but who share the characteristic of the outspoken in all dictator countries that they wish to remain "anonymous."

Soviet Russia 20 Years Old

It is especially important to look upon Soviet Russia detachedly, as a historic fact instead of as a political disease. For 20 years the Soviet régime has survived and has dominated its 175 million people, with their 178 different nationalities, occupying one sixth of the land surface of the word. As such it is a contribution to human experience which can act as a practical guide.

By what method has it survived—and at what a price in human progress or bondage? Is it ushering in the millenium of the ideal which inspired it? What has it to offer all of us who live under democracy?

Decadent Leningrad

Most visits to Russia start with Leningrad. There we too got our first, vivid impressions.

Intourist had us booked for the Hotel Astoria. Built in 1913 this hotel gave us our first foretaste of the general undertone of uncleanliness which is characteristic of Russia and which becomes downright filth in many instances. Our bedroom and sitting room combined was quite well furnished and looked out on one of Leningrad's distinguished squares of other days with St. Isaac's cathedral dominating the scene. The bathroom was an authentic original and somewhat decrepit. It shared that basic characteristic of all Russian plumbing—a complete absence of plugs for the bathtub or basin. Happily this presents no problem as the drains are so slow that plugs are really not necessary.

Stains of Two Generations

The dining room, with its pre-war carpet, reminiscent of the spilled soup of two generations, took the keen edge off today's food which otherwise was quite tasty (we liked the food better when we got to Moscow and a foreign resident told us what to order). The waiters wore street-cleaners' costumes — an unusual touch.

The Government is building a new hotel in Leningrad which will be ready in a year or two.

Leningrad is a city of the past. Established as the capital of Russia—named St. Petersburg in honor of Peter the Great, who loved the sea and those this Baltic site—it has been demoted in favor of Moscow.

It shows its shame in faded boulevards and tumbling palaces.

People thousands of them, crowd these streets. Obviously theirs is a low standard of living. They need so many things.

Few motor cars and no visible taxi cabs are on the streets. The new trolley buses are creditable-looking jobs. But there are no perambulators. Mothers pass by aplenty, but they are their own perambulators and cafeterias as well.

Palace for Children

We went to the Pioneers' Palace. "Pioneer" is the name of the Soviet youth organization — boys and girls from six to sixteen years of age and numbering over 6,000,000 in all of the Soviet.

Youth in Russia is the Soviet of the future. Both Italy and Germany have followed the Soviet experience and are bestowing their interest on building up the bodies and influencing the plastic minds of youth.

Contradictory Actions

I listened to one sceptic, however. He said: "The Soviets do the most amazingly contradictory things. They proudly show you the facilities they have for youth, and the crêches in the factories to take care of the babies as mothers work. Yet they heartlessly stood by while millions — estimated to be nearly two millions—of their farming population died in the famine of 1932 (never officially admitted) when the Government first ruthlessly tried to force through collectivization of the farms."

Slipshod Building

In Leningrad we visited a textile factory, part of it of obviously ancient vintage but with one newer part which shared the distinction of many of the Soviet's new buildings of looking old before its time.

Perhaps because they are building so fast or more likely because

(Continued on page 2, col. 6)

Noranda Enters Central America

Following a recent examination and favorable report by Oliver Hall, assistant general manager, and Dr. A. M. Bell, of the geological staff of Noranda Mines, the company has exercised an option and made payments toward acquisition of a 63¾% interest in a group of partially developed gold claims (known as La India) in the municipality of Santa Rosa in Nicaragua, Central America, The Financial Post is officially informed.

A new company, to be known as "Cia Minera de la India" is being incorporated with a nominal capital under Nicaraguan law to acquire the property. Machinery orders have been placed and construction started on an initial mill installation of 100 tons per day. The remaining 36¼% interest will be held by Irving W. Bonbright, and associates, of New York.

Soviet youth look over the new Soviet car, the "Zis," hailed as a triumph of industrial progress and, in effect, because of its cost, a symbol of the "new upper class" in the U. S. S. R.

Canadian Car To Ship Planes

Government Will Not Interfere Provided Information Given

From Our Own Correspondent

OTTAWA.—If Canadian Car and Foundry Co. Ltd. receives a $2,000,000 airplane order from the Turkish Government, Federal authorities will interpose no obstacles in the way of the business.

The Canadian company will have to secure, under the existing law, a special permit to ship the machines. Under the terms of the order-in-council which the cabinet passed last July, a license has to be secured for the export of a wide range of munitions and war equipment, in which airplanes are included. The order-in-council provides, however, that such a license shall be issued, providing the details filed by the manufacturer in making application set forth all the information which the Government requires, and providing the goods are not being consigned directly or indirectly to a prohibited destination. At the present time there is only one prohibited destination, namely, Spain.

The existing law is designed to afford the Government the fullest information respecting munitions traffic which is being carried on, but is not intended to prevent export business except to countries in respect to which an embargo has been declared. The order-in-council explicitly states that the license "shall be issued" providing the applicant fulfills all the requirements and does not propose to ship to an embargoed area.

Half Money Deposited

From Our Own Correspondent

MONTREAL.—Canadian Car and Foundry Co. has received an order for 40 two-seater Grumman fighter planes from the Turkish Government, involving approximately $2 millions. This order is not confirmed by officials of the company, but it is admitted that the contract is on its way and pending receipt no statement will be issued.

It is understood that about half of the money involved has been deposited with bankers on this continent and that half of the order is scheduled for delivery within the next six months.

Plans are to reopen the company's plant at Fort William.

Financial Post Adds Worry To Soviet Official's Day

MURRAY R. CHIPMAN
Eastern Manager, The Financial Post

LENINGRAD.—If you carry a copy of The Financial Post with you when you enter Russia you must expect to be held up at the border while the paper is thoroughly examined by Soviet officials.

I crossed the border from Finland at a small village where a new and impressive station has just been completed. My luggage was taken into the building for examination, and there all money, jewellery, literature, etc., was gone over and listed. A fellow traveller had a copy of John Gunther's book, "Inside Europe." This was impressively wrapped and sealed, so that it could not be opened while he was in Russia, and was then solemnly returned to him.

In my baggage, only one item attracted attention. It was a copy of the June 12 issue of The Financial Post. This contained an interview with Sir Josiah Stamp. In it, Sir Josiah ventured the comment that Russia's increased gold production had perhaps "saved" the capitalist system by providing the Soviet with foreign exchange and thus obviating the necessity of dumping raw materials on world markets at depressing prices.

The article aroused a great deal of excited conversation among the officials, the purport of which I am unhappily unable to report because of my unfamiliarity with the Russian language. Finally the paper was taken into a private office where the officials were closeted with it for a long time. Whether they were having it translated and typed out for the records or whether the dictators of Moscow were communicated with by telephone or telegraph, I have no way of knowing. But finally my copy of The Post, uncensored, was returned to me without comment.

Abitibi Income $5.7 Millions Seen for '37

$11 Millions Possible For 1938 — Mortgage Challenged

ROTHERMERE'S VIEWS

Three new developments affecting reorganization of Abitibi Power & Paper Co. are:

1. Estimate by the liquidator, R. S. McPherson, that 1937 earnings available for depreciation and bond interest will be about $5.7 millions.

2. Statement of defense filed for the liquidator does not admit authority in bond mortgage to permit reorganization by the present judicial sale proceedings.

3. Meeting of Lord Rothermere at Toronto with other Abitibi interests makes little progress toward settling what still appears likely to be a long legal battle.

Mr. McPherson estimates earnings for September at $525,000 and at $600,000 for each of the months, October, November and December. Adding this $2,325,000 to earnings of $3,121,300 for the first eight months of 1937, the total would be over $5.4 millions.

It is estimated that the subsidiaries, Provincial Paper Ltd. and The G. H. Mead Co., will produce $250,000 and $75,000 respectively on the shares owned by Abitibi, which makes a total exceeding $5.7 millions.

Basis of Estimates

Three reasons are advanced by Mr. McPherson for estimating higher earnings in the last quarter than in preceding months of this year:

1. The Ste. Anne mill is now operating.

2. Sulphite pulp prices have risen.

3. Mill costs will only show minor changes from previous months.

Experience this year suggests that earlier estimates of earnings by Coverdale & Colpitts, prepared for the bondholders' committee, will be short of the mark. Their estimate was that there would be about $4.4 millions available for interest and depreciation on the conditions of price and volume prevailing this year.

Depreciation and interest at 5% on all claims of bondholders would now total approximately $4.8 millions annually.

In the absence of official figures, The Financial Post has obtained information indicating that earnings for 1938 should be about $11 millions available for interest and depreciation. This is based on production at approximate present capacity of 560,000 tons of newsprint at $50 a ton. If higher prices, say $55, were obtained for newsprint for the second half of 1938, this estimate of earnings would be increased over $1 million.

The Coverdale & Colpitts estimate of earnings on the basis of $50 newsprint and 560,000 tons production is approximately $8 millions available for depreciation and bond interest.

Statement of Defense

In a statement of defense against foreclosure proceedings by Montreal Trust Co., trustee for Abitibi bonds, solicitors for the liquidator contend:

1. The Abitibi bond mortgage was beyond the power of the parties to it and was not properly authorized by shareholders.

2. The National City Bank of New York, the "dominant trustee" is not empowered to do business in Ontario and therefore the Abitibi mortgage is void.

3. Substantial portions of the Abitibi properties are not located within the jurisdiction of the Supreme Court of Ontario under which the Abitibi reorganization is being conducted.

4. Superior Dominion legislation, particularly on bankruptcy, limits the power of the Ontario court to determine the effect of the bondholders' charge.

The statement of defense, in brief, is a skeleton indicating that the Abitibi reorganization proceedings will

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Highlights

Labor in Congress

Led by P. M. Draper, labor leaders draft a policy of reform at the 53rd annual convention of the Canadian Trades and Labor Congress. Page 14

Public Credit Builder

George C. McDonald is well equipped through experience and ability to direct the policies of Canadian business in the next year. Page 28

New Capital for Power

Across Canada $45 millions will be spent in 1937-38 to expand power facilities. Page 8

New Era for Radio

New high power transmitting stations being built by Canadian Broadcasting Corp. introduce new principles in radio engineering. Page 8

Pulp and Paper

Higher production, higher prices, new plants and other developments add interest to the annual survey of this Canadian Industry. Pages 15 to 25.

The Mining Market

Are Canadian mining stocks on the bargain counter at present levels? Page 27

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Farmers Fight It Out

. . . prefers listening to talking

. . . idol-smasher — matured

Breeding, training and racing horses started Earl Rowe circulating around Ontario, got him talking, finally landed him in politics. From the Provincial Legislature he moved to the Dominion Parliament and then, little over a year ago, into the leadership of the Ontario Conservative party.

His best friends confess that he lacks color—at least the kind to which Ontario has, of late, become accustomed.

"He's getting too much advice," remarked one sitter in the inner circles. "Everybody's telling him to do this, say that, and be careful about so and so."

That's one thing about Rowe, he prefers listening to talking. He talks by asking questions. He thinks things should be figured out and planned. Going off at half cock is a danger to which he is not prone.

For the haters of the number 13, Mr. Rowe offers this. He was born May 13, 1894. He worked in 13 electoral campaigns. He was chosen Conservative

(Continued on page 9)

It's a different Mitchell F. Hepburn who is now asking to be sent back as Premier of Ontario after the provincial election, Oct. 6. The boisterous idol-smasher who tossed around thunderbolts with the same careless ease that he handed out compliments and promises, is somehow matured. He is still courageous as a lion, youthful in ways and machine gun fast in decision and repartee. He is still the towering man in his party.

The wide open boyish smile of a thousand news photos is still there, but those close to him say there's something the matter with that smile. Is it less spontaneous?

Takes on Any Fight

The very desire to get things done the fastest and, to his mind, the simplest way, used to be put down as youthful impetuosity; to many one of his charms.

There is no apparent change in the speed of his

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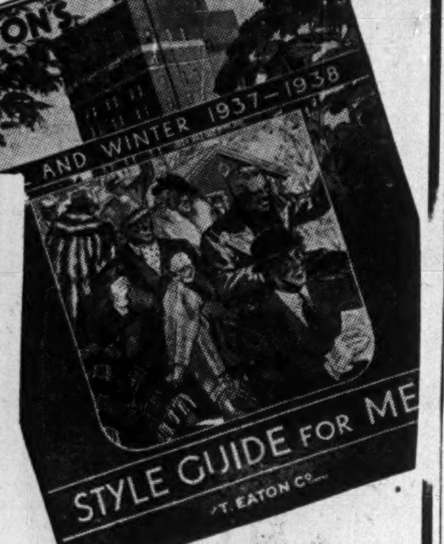

Just off the Press!

EATON'S STYLE GUIDE For Men Fall and Winter 1937-38

Drop into EATON'S Men's Wear Departments in EATON'S Main Store or EATON'S-College Street, and be among the first to obtain a copy of EATON'S STYLE GUIDE FOR MEN!

Men who are interested in keeping their appearance smart and up-to-date, will find much useful information about proper clothes and furnishings for Fall and Winter in this Style Guide. Many of the illustrations are in full colour and all of them accurately reflect the present trends in styles for men.

Available without Charge

THE T. EATON Co LIMITED

Visit Industrial Products Exhibition

Purchasing and other business executives are cordially invited to visit the Industrial Products Exhibition at the Royal York Hotel, which will be held in connection with the thirteenth convention of Canadian Purchasing Agents' Associations, Friday and Saturday, September 24 and 25. Admission is free. A large number of representative manufacturers and distributors of a wide variety of products are participating.

A limited number of tickets to the Dinner, Friday evening, September 24, may be obtained at the registration desk, Convention Headquarters, Royal York Hotel.

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Next YEAR'S HOLIDAY

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Saving money can be thrilling if you save for such a purpose, and a real holiday is well worth saving for.

To Help You SAVE

The Family Budget Book, published by The Royal Bank of Canada will help you to save. It contains sample budgets for your guidance, and a section for each month's accounts. Thousands of householders use this handy Budget Book each year. A copy is yours for the asking at your nearest branch.

By the way...

A home of your own; a new car; an education for your child—these also are objectives that will give new life to your savings programme, help you in your natural desire to get ahead in the world.

Don't worry if your savings are small. Saving regularly is the important thing.

You will find it's as easy to save as to spend—when you save for a *purpose*.

P.S.—*Don't forget... the one who gets the bargains is the one with ready cash.*

THE ROYAL BANK OF CANADA

OVER 600 BRANCHES IN ALL PARTS OF CANADA

Western Grain Loss $224,394

A net loss of $224,394 reported by Western Grain Co. for the year ended July 31, 1937, compares with a loss of $34,494 in the preceding year. The 1937 loss is after providing $116,368 for depreciation, paying bond interest of $68,701 and providing for accrued but unpaid bond interest of $95,200. Bank loans of $1,970,000 at July 31, 1936, have been repaid and cash on hand totals $530,148 at the end of July this year.

Abitibi Income for '37 Is Set at $5.7 Millions

(Continued from page 1)

be opposed on every conceivable legal ground.

Following the filing of the defense statement, J. P. Ripley, chairman of the bondholders' committee, stated: "At the time of the issue of the bonds the mortgage was approved as to legality by Toronto, Montreal and New York counsel. The bondholders' committee is advised by its solicitors that in their opinion there is no merit to the contention of the liquidator."

Rothermere Contentions

Lord Rothermere, whose interests are understood to hold about 250,000 shares of Abitibi common stock, this week reached Toronto on his annual visit to Canada. The Financial Post understands that at a meeting with other shareholder interests this week he stated that expenditure of $8.3 millions on Abitibi plants, as proposed in the bondholders' reorganization plan, could only be made over a long period. His principal point, it is understood, was that the proposed expenditures should perhaps be directed more toward development of pulp manufacture than to newsprint and that in view of the long time necessary to spend such large sums it could not be stated definitely that the proposed outlays would be warranted.

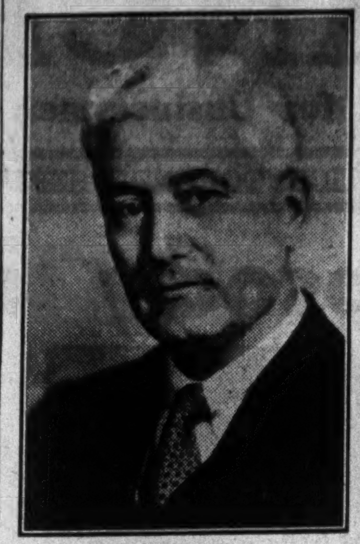
Investment Foundation Pays Special on Arrears

From Our Own Correspondent

MONTREAL. — Directors of Investment Foundation have, in addition to the regular quarterly dividend of 50 cents a share, declared an extra dividend of 25 cents a share to apply on account of arrears on the 6% preferred issue, both payable October 15 to shareholders of record September 30.

The declarations are identical with those paid on July 15.

After the October 15 payments, arrears on the stock will amount to $5.50 a share.



TREASURER

Charles N. Salvisburg has just been appointed treasurer of Canadian Westinghouse Co. Ltd., successor to George R. Kerr, recently deceased. The new executive has been with the company since 1903 and is a native of Hamilton.

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Courtaulds (Canada) Enters Into Labor Pact

From Our Own Correspondent

MONTREAL.—Courtaulds (Canada) Ltd. has entered into a new agreement with the Cornwall Rayon Workers' Union, providing for a general wage increase of three cents an hour, one week's holidays with pay and other benefits.

The agreement provides for recognition of the Union as a collective bargaining agency for company employees, who are, or may become, members of the union, but does not affect the company's right to employ non-union labor.

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Steel Wares Meet Nov. 24

From Our Own Correspondent

MONTREAL.—In lieu of dividend arrears which will amount to $47¼ a share on Nov. 1 next, preferred shareholders of General Steel Wares Ltd. are to be offered the right to subscribe for 2½ common shares at $1 per share for each preferred share held.

Details of the long-awaited plan were made public here in connection with an application to the Superior Court to fix a date for a special meeting of shareholders to consider the proposal. The date set by the court is Nov. 24.

In order to provide common shares for issuance to preferred shareholders, the meeting is also to be asked to approve an increase in the authorized number of no par value common shares by 112,500. This will bring the authorized common stock to 312,500 shares. All of the new common stock created will have to be issued as there are 45,000 preferred shares, par value $100 each, outstanding.

Common Quoted at $11 a Share

At the present time the common stock of General Steel Wares is quoted at $11 a share, so that the market value of the shares which preferred shareholders will receive in lieu of each $47¼ of dividend arrears is $27½. The common stock has sold as high as $18 a share this year and at this level 2½ shares would have a value of $45.

Car Makers Claim Profits Are Pared Higher Price Seen

(Continued from page 1)

between the prices of United States and of Canadian cars in accordance with the 1935 cut in the tariff from 25 to 17½%. Last year, Mr. Carmichael stated, Canadian prices had been cut in comparison with United States prices and recently United States prices, in most instances, had increased relatively more than Canadian prices.

Anxious About Steel

Early in the hearing the application of the motor car manufacturers for a reduction in the rate of duty on United States steel plate was heard. It developed from the manner in which the application was pressed, however, that what the manufacturers really wanted was not a lower duty on American steel, but rather to compel Canadian steel mills to make deliveries to them. The use of Canadian steel was essential, it was intimated, if the Canadian car manufacturers were to meet the 60% British content requirement for British export business—a requirement which is being increased to 65% in March next.

The automotive manufacturers represented that they could only get delivery of steel "at convenience" of the Canadian mills. The situation was indicated as due fundamentally to the rearmament programmes which the Governments of the world are carrying out at present. In addition, the car orders received during the past year from the railways—representing an unexpected 15% factor in the steel companies' business—was mentioned as a factor in the steel scarcity.

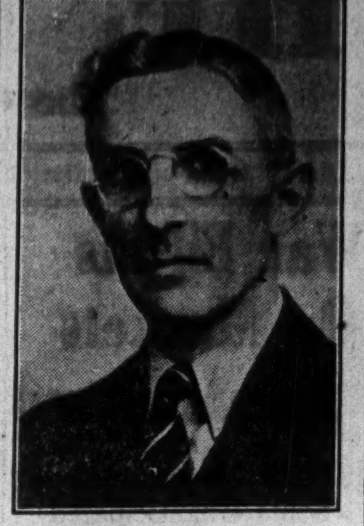
Promised Supplies

The motor car executives were clearly apprehensive over the outlook for their steel supply during the coming year. Mr. Carmichael stated that out of 700 tons which General Motors would need it had assurance of delivery of 300 tons only.

Representatives of the steel industry assured the motor manufacturers that, despite their anxieties, their needs would be met. The Steel Company of Canada, particularly, declared that a plant extension upon which they have expended in excess of $23 millions would be in production early in the new year.

Canada Life Business Rises $8.5 Millions

Ordinary paid for new business of the Canada Life Assurance Co. in August showed substantial increase over the same month a year ago. To date this year, new ordinary and group insurance written by the company is about $8.5 millions above last year's level.



GETS PROMOTION

John S. Martin, new general accountant of the Canadian Westinghouse Co. Ltd. He has been with the company since 1904 and is a fellow of the Institute of Commercial Accountants.

Pitiably Low Wages Paid Red Workers For 5-day Week

(Continued from page 1)

of their inefficient methods, one is continually impressed in Russia with the maintenance cost which looms ahead.

I do not profess to be a building expert. Some visitors I met said that such brick-work could not hold without settling substantially. One building I was in, built four years ago, has just been entirely replastered for the second time.

Troops Guard Factories

A soldier, armed with a rifle, slouched on guard at the factory entrance. I asked our interpreter why this was necessary in the land of the free. She replied, "We have to be on guard against the enemy within and without. There are subversive forces we must watch constantly." It is true that no stranger may enter any industrial gate without some armed sentry's approval.

The manager was capable and cordial. He showed us with special pride his office fitted with a type of Dictograph intercommunication with all departments. He spoke to the foreman in another part of the plant to prove that he was able to run his mill without moving out of his office.

The plant itself was making cotton textile dress goods. One got the impression of antiquated machinery and general untidiness. The workers were women of varying ages.

I enquired about wages. The lowest was 215 roubles a month, the average 360 roubles. The highest paid girl, a "Stakhanovite" worker received 700 roubles because she had been able to supervise seven machines at once. You will remember that the "Stakhanov" movement started with a coal miner by that name who showed the way to greater personal production.

Token Money

The mill manager received 1,000 roubles a month. But what is a rouble? To the tourist its cost is 20 cents as one arbitrarily gets five roubles to the dollar and the penalties are heavy to those caught giving you a better rate.

But a rouble is far from that to the Soviet citizen. Its purchasing power is far below 20 cents. It is a token money which is accepted within the Soviet borders but is valueless outside. Inside its value varies according to the type of commodity and the available supplies. With such a variable value it is difficult to translate the rouble into cents, but its purchasing power for the bulk of commodities is not over five cents.

The textile mill manager, aware that I must know the purchasing power of the rouble, and noting my look of surprise when he announced his salary at 1,000 roubles ($50 in purchasing power) a month, hastened to add—"But I also received a month's vacation with pay last year and the gift of a car. I motored with my family to a Soviet Sanitorium, or rest home, in southern Russia."

Wages Pitiably Low

Obviously the average wage at 360 roubles ($18 in purchasing power) a month is pitiably low. Even granted that the rouble may have more than five cents in purchasing power in some things, you cannot evade the stubborn fact that workers don't ride to work on motor cycles of indifferent quality displayed for sale at 4,180 roubles ($209), or buy many pairs of women's shoes at 261 roubles ($13.05) for the best quality, or 76.50 roubles ($3.83) for the poorest quality (of which, as it happened, there were none available in Moscow for sale when we were there).

Every worker boasted—and thus sent most gullible tourists into ecstacies—"here in the Soviet Union we have a five-day work week. We work five days and rest the sixth."

Incidentally this was done in part to destroy the tradition and rhythm of Sunday each week. But every worker is proud of the five-day work-week. He told you about it with the positive implication in his tone that the Russian worker was better off than the "capitalist" worker with his six-day week—that he had more leisure.

Six Days in Week

Every time I heard the interpreter say this, I asked, "What do you do the seventh day?"

"Why, that's the first day of the new week," would come the reply.

"In other words, you work five days out of six. We work five and a half out of seven and enjoy the longer rest of a day and a half each week."

There would be reluctant agreement.

It is true for the most part that the seven-hour day is standard throughout Russia compared with our eight-hour day.

The variation in wages quoted above and the fact that the manager of the textile mill received a bonus of a car because his plant fulfilled its quota sounds strangely removed from the communistic doctrine of a classless society. It begins to get at the heart of the problem.

Are there class distinctions in Russia? Are favoritisms growing up? Who runs the show? How do purges and the "propaganda paradise" for the workers go together? These are some of the questions I shall endeavor to answer in subsequent articles.

The Nation's Business

(Continued from page 1)

Conservative leadership. Without question, personalities rather than principles are the most prominent feature of the election but it seems probable that a smaller than usual number of Ontarians will take the trouble to cast their votes on the sixth day of October.

* * *

Denton Massey Misses Fire

DENTON MASSEY threw political fat into the Ontario election fire last week, when he implied that half a dozen leading Englishmen—including Rt. Hon. Ernest Brown, present minister of labor in the Chamberlain Government — had given their whole-hearted blessing to Hon. Earl Rowe's labor policy. A subsequent interview with Mr. Brown by the Toronto Globe and Mail brought out the information that the British labor minister had apparently sidestepped controversial clause No. 2 of the Rowe platform which deals with international labor organizations and that the remainder of the conversation was apparently of a private nature.

Despite Mr. Massey's protestations that he has been both wronged and misquoted, the incident should be a stern reminder to this scintillating young hope of the Federal Conservative party. For not only would it appear that Mr. Massey had been guilty of a misstatement in regard to the actual views of the British labor minister but furthermore it would seem he has broken the confidence of a personal interview with a high ranking official of the British Government in order to attain political ends.

It will not be as easy for Mr. Massey to obtain confidential interviews with leading officials next time he visits England unless he shows more clearly in his political actions the principles and ideals that he professes in his much-publicized religious activities.

* * *

Lord Hewart's Challenge to Bureaucracy

LOOKING neither to right nor left, the Rt. Hon. Lord Hewart of Bury, Lord Chief Justice of England, spoke his mind freely in Toronto this week on the "unabated pretensions of bureaucratic usurpation" in government. He deplored the insidious influences at work which "while refraining from any open attack on justice and freedom, tended steadily to undermine them."

He pointed to ways Parliaments were tending to abdicate powers which rightly belong to them into hands of governmental departments or officials. For example, the passing of skeleton statutes by Parliament giving authority to some government department to make orders or regulations which subsequently are placed beyond the jurisdiction of the courts. Or again the contrivance whereby the Minister shall not be questioned in any court of law as to orders given or decisions made.

"This seems to be another way," said the Lord Chief Justice, "of providing that departmental usurpation or excess of jurisdiction shall go unchallenged and unchecked. And it seems pertinent to ask why ministers and some at least of the clever officials upon whom they so greatly rely, wish to put their orders, their regulations and their decisions beyond the reach of law. You may be inclined to think, as some of us do, that not the least sinister part of the whole business is that there is evidently in some quarters a determined wish and endeavor to escape superintendence and review by the ordinary law."

* * *

BEING merely a visitor to this country and one who is well and truly versed in the amenities of polite society, Lord Hewart carefully prefaced his remarks with the words: "It may be that in Canada you are wholly free from this plague."

As the Lord Chief Justice doubtless knows all too well, the plague is an even greater pestilence in this country than in England. Both Liberals and Conservatives at Ottawa have sponsored acts to make "administrative law" supreme over statutory law. In Ontario, the Hepburn Government has actually passed laws barring the courts to those who would seek redress from the Hydro Commission for broken contracts. In Alberta, Premier Aberhart has sought to prevent creditors from presenting their claims in court.

Lord Hewart's words are a timely warning to a practice that strikes at the roots of all true democratic government.

* * *

Dunning Reforms Civil List

CONGRATULATIONS are due to Hon. Charles Dunning for his proposed reform whereby annual estimates of Federal expenditure must be made and shown in detail for various departments rather than lumped together in the "civil government" item as of old.

This lump sum item which has totalled many millions annually included not only the general civil service vote for each department but also covered a multitude of departmental sins which could not be easily uncovered.

The itemized account being planned by Mr. Dunning should bring to light a vast amount of information concerning individual departments and should be of value in the uncovering of many strange and multifarious activities in and around Parliament Hill.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Barrie R. C. Sch.	Sept. ..	J. L. Graham & Co.	4%	15-ins.	$7,000	..	.....
New Waterford, N.S.	Sept. ..	W. L. MacKinnon & Co.	5%	1957	21,000	..	.....
Campbellton Sch. Dist., N.B.	Sept. ..	W. C. Pitfield & Co., Irving, Brennan & Co.	4%	1957	45,000	..	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Pacific Power & Water Co.	Sept. ..	Laurence Smith & Co., Riddell, Keenleyside & Walsh	5%	1957	$300,000	95.50	5⅜%
Stock Issues—							
Cadwell Cereal Co.	Sept. ..	Direct	...	Com.	3,000 shs.	$1	.....
			6%	Pref.	1,000 shs.	10	.....

Modern, EXPERIENCED BANKING SERVICE ...the outcome of 119 years of successful banking operation.

A MILLION DEPOSIT ACCOUNTS DENOTE CONFIDENCE

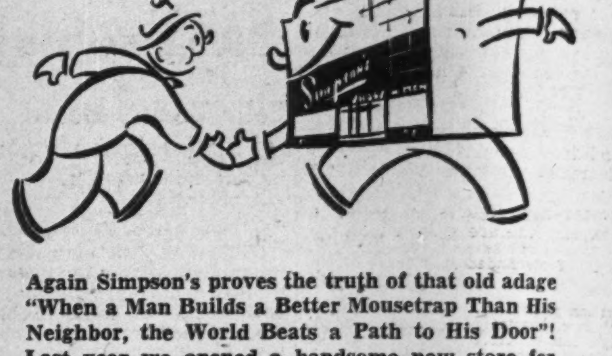
BANK OF MONTREAL

ESTABLISHED 1817

HEAD OFFICE MONTREAL

TOTAL ASSETS IN EXCESS OF $800,000,000

One Year Old Last Week!



Again Simpson's proves the truth of that old adage "When a Man Builds a Better Mousetrap Than His Neighbor, the World Beats a Path to His Door"! Last year we opened a handsome new store for men devoted entirely to shoes. That Toronto men appreciate this strikingly modern setting for their favorite footwear is emphasized by the large numbers of them (thousands in fact) that have visited this new store during the past year. Step into SIMPSON'S today and look over the new Fall styles in your favorite range:

"Special-Four," $4 and 4.50
"Victor," $6 and 6.50
"Hartt," $10 to $12
"Commander," $5 and 5.50
"Hyde Park" by Lee Bros. at $8
"Church's," $14 to 15.50

Street Floor—Centre

Simpson's

Select Comfortable Shoes in Comfort!

Southern Canada Power Covers Its Dividend

From Our Own Correspondent

MONTREAL.—Preliminary indications are that Southern Canada Power Co.'s gross earnings for the fiscal year ending September 30, will be the largest reported for any year since 1931, while the net income will be more than sufficient to cover the current dividend of 80 cents a share on the common stock.

Estimates place the gross income for the 12 months ended September 30 at $2,294,500, an improvement of $140,927 over the year before. Expenses increased somewhat, keeping down the gain in net earnings. However net available for interest, depreciation, amortization and dividends will likely be shown at approximately $1,339,270, as against $1,256,719 a year ago.

Senior charges will absorb $1,301,500, allowing for depreciation at the rate of $220,000 annually. After providing for the common stock dividend in full, there will be a surplus of approximately $35,000. This contrasts with a deficit of $47,850 in the 1936 fiscal year.

A further improvement is expected to be shown in the balance sheet as a result of refunding of the company's bonds last spring.

WRIGHT HENDERSON & Co., Ltd.
Investment Securities
Telephone MA 6367
231 St. James St. W. Montreal

YOUR WISHES are the LAW

The wishes expressed in your Will are the Law to your executor.

He cannot change your instructions. His sole duty is to carry them out intelligently. He must give a strict accounting of his work to the beneficiaries.

When planning to provide for future contingencies it is advisable to discuss these matters with the executor who is to carry out your expressed wishes.

While reluctant to reveal private affairs to any individual, there need be no hesitancy in taking this Company into your confidence. The strictest secrecy is maintained.

With 35 years' experience, the Company has faced and solved the very problems that may appear perplexing to you and that would prove bewildering to many an individual executor.

The CANADA TRUST COMPANY

London, Toronto, Hamilton, Windsor, St. Thomas, Chatham, Winnipeg, Regina, Edmonton, Vancouver, Victoria

Federal Grain Reports Loss

Provision for Depreciation Reduced by Over $300,000

From Our Own Correspondent

MONTREAL.—Although the amount provided for depreciation is about $330,000 lower than in the previous year, Federal Grain Ltd. reports a loss of $84,611 for the year ended July 31 last as compared with a loss of $9,458 in the 1935-36 fiscal year.

As an operator of country elevators in western Canada and terminal elevators at Port Arthur and Fort William, earnings of the company were adversely affected by the poor wheat crop in western Canada in 1936 resulting from drought conditions.

For the current year the outlook is not very bright since drought conditions have again prevailed over large areas and the crop will be even smaller than in 1936.

Due to liquidation of inventories, stocks of grain being reduced from $2.8 millions to $67,349, current assets show a very substantial reduction. At the same time, however, current liabilities have been reduced through elimination of bank loans of $1.1 million. Working capital is about $115,000 lower.

The company enjoys a strong liquid position, cash on hand amounting to $1.5 million, compared with $37,705 in the previous year. The increase in cash is due to liquidation of inventories.

During the year $129,000 of first mortgage bonds were redeemed at a cost of $126,022. Outstanding bonds now total $3,395,000.

Total fixed assets are shown at $8.7 millions against which there is a depreciation reserve of $2.2 millions.

Comparative figures of revenue and expenditure are given below:

Income and Surplus Account
Years Ended July 31

	1937	1936
	$	$
Operating profit	276,746	690,465
Less: Exec. salaries .	44,780	44,002
Legal fees	1,217	1,308
Directors' fees	1,250	1,500
Add: Inc from invests.	46,430	22,086
Net earnings	275,929	665,741
Less: Depreciation ..	110,113	439,286
Bond interest	203,700	211,440
Bond premium	478	5,696
Organ. exp. w/o ..	5,000	7,500
Rebldg. of elevators	1,249	11,277
Moving elevators ..	40,000	....
Loss for year	84,611	9,458
Add: Prev. surplus...	476,048	485,506
Balance forward	391,437	476,048

Working Capital
As at July 31

	1937	1936
	$	$
Current assets	1,741,004	3,181,927
Current liabilities ...	355,602	1,680,776
Working capital	1,385,402	1,501,151

Ind. Acceptance Declares Bonus

From Our Own Correspondent

MONTREAL.—Directors of Industrial Acceptance Corp. have declared an extra dividend of 12½ cents a share on class A stock, in addition to the regular quarterly dividend of 37½ cents a share, for the period ending Sept. 30, payable Sept. 30 to shareholders of record Sept. 20.

The class A stock was placed on an annual basis of $1.50 a share by the payment of 37½ cents quarterly made on June 30, the rate prior to then being $1 per annum.

During the first four months of 1937, volume of receivables purchased was approximately $10.7 millions, as compared with $6.6 millions for the corresponding period of 1936, an increase of 62%. The rate of increase in business has been maintained and it is anticipated, that the volume of receivables purchased for 1937 will be well in excess of the record $21.9 millions reported for 1936.

Fanny Farmer August Net Down

Profits Up 41% For First Eight Months of 1937

Sales of Fanny Farmer Candy Shops, Inc., continued to increase in August, but profits dropped $2,914 to $44,052.

Both sales and profits for the first eight months of 1937 are substantially higher than in the corresponding period of 1936. Total sales for the period of $3.8 millions are $571,458 greater while profits of $399,485 are up $115,897.

Sales and Profits

August:	1937	1936	Incr.
	$	$	%
Sales	399,445	387,356	3.12
Profits	44,052	46,966	*6.20
Eight Mos. End. Aug. 31:			
Sales	3,809,850	3,238,392	17.65
Profits	399,485	283,588	40.87

*Decrease.

Can. Foreign Investment Retires More Preferred

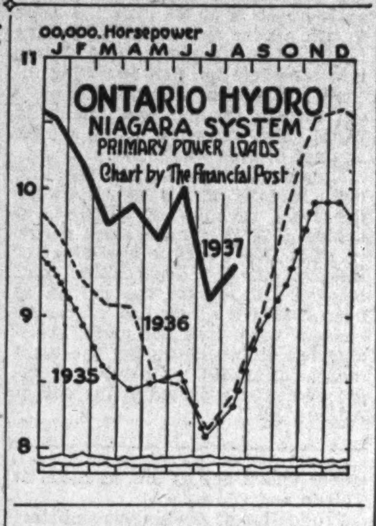
From Our Own Correspondent

MONTREAL.—Canadian Foreign Investment Corp. has advised the Montreal Stock Exchange that it has redeemed and cancelled 29 shares of 8% cumulative redeemable preferred stock of the company. This redemption leaves outstanding 9,971 shares.

Hydro Loads Up Again Peak May Drain Reserve

Niagara System Running Over 95,000 H.P. Above 1936

Growth of power loads of the Hydro-Electric Power Commission of Ontario was marked again in August by a major increase in the Niagara system. The peak load of primary power in the Niagara system was up 97,587 horsepower over the peak for the 1936 month.



The Commission recently stated that it had in reserve in the Niagara system alone 120,000 h.p. for normal growth in load. The point of interest is that the load reaches its peak for the year in November and December. Based on last year's top loads the Hydro would need to call full reserves into use if an increase of 100,000 h.p. were carried through to the end of this year.

The effects of use by the Hydro of further energy from Gatineau Power Co. would be to improve earnings of the company materially in 1938. Another probable result would be renewal of the suggestion that a new Hydro contract be made with Beauharnois.

The accompanying chart shows how far summer peaks are below winter levels. It also reveals, however, that the past summer's loads failed to decline within 95,000 h.p. of the 1936 demands.

Accompanying the increase in Niagara system loads is a substantial gain in the eastern Ontario demand. There is some inter-relation in these systems due to installation last year of a frequency changer. It allows some interchange of eastern Ontario 60-cycle power with the Niagara system 25-cycle energy.

The northern Ontario properties continue to show the largest percentage increase in primary load largely because of high activity in forest industries and mining.

Ontario Hydro August Loads
Maximum 20-Minute Peak Horsepower

System	August	August	Incr.
Primary Load:	1937	1936	%
Niagara	939,276	841,689	+11.6
Eastern Ont. ...	109,236	98,117	+11.3
Georgian Bay ..	32,755	28,794	+13.8
Thunder Bay ..	84,035	70,040	+20.0
Northern Ont. ..	123,809	83,429	+48.4
Total	1,289,111	1,122,069	+14.9
Primary and Secondary Loads:			
Niagara	1,078,418	956,703	+12.7
Eastern Ont. ...	143,552	106,240	+35.1
Georgian Bay ..	32,755	28,794	+13.8
Thunder Bay ..	129,021	110,121	+17.2
Northern Ont. ..	170,726	147,370	+15.8
Total	1,554,472	1,349,228	+15.2

C. & E. Corp. Earnings Up

20 Wells Paying Royalties to Corporation—Distribution Planned

Possibility of a distribution to shareholders of Calgary & Edmonton Corp. is suggested in the annual report for the year ended June 30, 1937. H. F. Osler, president, states that while directors are considering such a distribution from surplus, they deem it advisable to consider the amount of earnings for the first quarter, and expenditures in connection with the development programme before deciding on the amount.

The adjustment which the corporation was seeking with the operators of absorption plants at the time of the last annual report has been settled and the sum of $32,785 has been added to the realization account.

At the present time, this corporation receives royalties from the production of 20 wells. Based on total profit of income and surplus account, and of realization account, the corporation's earnings per share rose to eight cents as compared with two cents the previous year.

Changes in the board of directors are shown, with the election of H. R. Milner, K.C., Edmonton, and Victor M. Drury, Montreal, to the board, to replace D. C. Coleman, who has resigned, and the late Hon. Patrick Burns. C. W. Disher has been elected vice-president to replace Mr. Coleman.

The balance sheet as at June 30 showed current assets of $585,646, comprising cash of $76,117, royalties receivable of $15,335, Dominion of Canada bonds and accrued interest $266,343, and common and preferred stocks, plus dividends declared as at June 30 of $288,851. Current liabilities totalled $37,720, leaving working capital at $548,926, as against working capital of $414,021 at the end of the previous fiscal year.

Realization Account
Years Ended June 30

	1937	1936
	$	$
Inc. from disposition of min. rights and minerals*	250,265	55,818
Less expenses:		
Manage. & salaries ..	16,930	14,780
Directors' fees	4,375	2,250
Travel exps.: general	2,072	2,788
Inspection exps. ...	1,529	738
Legal charges	1,601	1,629
Post., stationery, etc.	1,518	693
Tele. & telegraph .	2,303	559
Office rent	780	780
Mineral taxes	1,920	1,288
Sundry charges	796	817
Income tax	31,566	......
Transf. agent's fees	1,743	1,914
London, sect. fees..	250	......
Legal & other exps. re inc. taxes	200	860
Fees re option leases	1,500	......
Profit for period	181,182	26,722
Add: Prev. surp.	98,835	72,113
Less: Inc. tax re disposition of rts., etc.	22,101	......
Bal. carried fwd.	257,916	98,835

Income and Surplus Account
Years Ended June 30

	1937	1936
	$	$
Int. on bk. balances..	......	10
Int. & divds. on inv.	18,608	17,050
Total revenue	19,608	17,060
Less: Inc. taxes (est.)	3,567	11
Surp. for period	15,041	17,049
Add: Prev. surp.	56,377	51,599
Less: Dom. inc. tax, pr. yrs.	2,579	7,252
Alta. inc. tax, pr. yrs.	......	1,596
Man. inc. tax, pr. yrs.	725	3,423
Bal. carried fwd.	68,114	56,377
Earnings per Share*..	$0.08	$0.02

*Based on total profit of income and surplus account and realization account.

Johnston Nat. Storage Earns 87 Cents Share

Net profits of Johnston National Storage Ltd., Vancouver, were equivalent to 87 cents a share in the year ended July 31, 1937, on the 12,506 ordinary shares outstanding against 44 cents in the preceding year. Another $5,000 of the company's 5% first mortgage bonds were redeemed during the year, bringing the amount held in sinking fund to $10,000 and the amount held by the public down to $218,600.

The company operates a cartage, warehousing and forwarding business in Vancouver. Volume of business has been increased in the past year and some improvement has been obtained in rates and prices. Profit margin, however, remains small in a large part of the company's activities. Assets were written down and goodwill and deficit eliminated in 1936, resulting in a reduction in book value of capital stock from $237,925 to $119,138.

Income and Surplus Account
Years Ended July 31

	1937	1936
	$	$
Net earnings	37,223	26,192
Add: Disc. on bonds redeemed	2,380	1,750
Int. on bonds red.	476	146
Total income	40,079	28,088
Less: Bond interest ..	11,430	11,430
Depreciation	14,733	9,747
Inc. tax provision..	2,998	1,400
Net profit	10,918	5,511

Working Capital

	1937	1936
	$	$
Current assets	77,736	71,734
Current liabilities	55,955	49,486
Working capital	21,781	22,246

Montreal Trams Outlook Brighter

Passenger Traffic to End of August Shows Good Increase

From Our Own Correspondent

MONTREAL.—Prospects for 1937 revenue of Montreal Tramways Commission sufficient to cover all charges, are more promising as a result of the relatively sharp gain in traffic.

Revenue passenger traffic carried on the Montreal Tramways System, including Motor Bus and Trolley Bus traffic, registered an increase of 9.82% during August as compared with the same month last year.

Passengers totalled 15,996,625 during the month, as against 14,566,703 in August last year. The increase is largely accounted for by the extremely hot weather which resulted in increased Sunday traffic, while week-day use of the system was also greater.

Cumulative returns for the eight months to date show a further increase over last year, figures for the six months to June 30 having shown a gain of 3.81%, while traffic to August 31 showed an advance of 4.98%.

During the first eight months of this year 137,007,517 passengers were carried, as against 130,502,393 in the first eight months of 1936.

Loblaw Groceterias Co. Sales and Profits Up

Loblaw Groceterias Co., Ltd., reports an increase of $164,204, or 13.03% in sales for the four-week period ended Aug. 21, 1937, against the same period of 1936, while profits are up $1,322, or 2.39%.

In the three four-week periods ended Aug. 21, 1937, Loblaw Groceterias Co. has had sales of $4.4 millions, an increase of $163,251, or 16.10%, over the corresponding period of 1936. Profits of 164,034 in the 1937 period are $11,670, or 7.66%, higher than in 1936.

Sales and Profits

Four weeks end. Aug. 21:	1937	1936	Incr.
	$	$	%
Sales	1,424,323	1,260,119	13.03
Profits	56,719	55,397	2.39
Three periods ended Aug. 21:			
Sales	4,422,102	3,808,851	16.10
Profits	164,034	152,364	7.66

Income Up For Gatineau

Second Quarter Returns Show 16½c a Share on New Common

From Our Own Correspondent

MONTREAL. — Gatineau Power Co.'s consolidated income statement for the second quarter of 1937 indicates earning power of 16½ cents a share on the new common stock or at the rate of 66 cents a share per annum.

Consolidated gross revenue for the quarter ended June 30 last totalled $2,147,098, compared with $2,035,493 in the second quarter of 1936. Balance added to surplus after providing for interest charges, depreciation, etc., totalled $411,042, compared with only $272,819 for the same period last year.

The improvement in quarterly earnings over the previous year represents additional deliveries on the firm power contracts, more particularly to the Ontario Hydro-Electric Power Commission.

Particulars of the quarterly statement follow:

Quarter Ended June 30

	1937	1936
	$	$
Gross revenue	2,147,098	2,035,493
Net revenue	1,818,286	1,724,838
Int. on bonds & prior liens	859,558	864,238
Balance	958,728	860,600
Int. on debent.	227,274	252,689
Other int., etc.	165,641	187,805
Deprec. and amort. .	154,771	147,287
Balance to surplus ..	411,042	272,819

In the 12 months ended June 30, 1937, Consolidated Gross revenue was $8,242,527, a drop of about $500,000 from the preceding year. The decline in gross was carried into net revenue, which totalled $6,851,998, compared with $7,343,575.

Reduction for the 12 months period reflects the revision in the contracts with Ontario Hydro which became effective Nov. 1, 1935.

Comparative statements of consolidated earnings for the 12 months ended June 30, 1937 and 1936, respectively, follow:

12 Months Ended June 30

	1937	1936
	$	$
Gross revenue	8,242,527	8,706,830
Net revenue	6,851,998	7,343,575
Int. on bonds & prior liens	3,446,124	3,467,031
Balance	3,405,874	3,876,544
Int. on debent.	954,389	1,025,574
Other int., etc.	590,003	787,009
Deprec. and amort. .	656,597	620,431
Balance to surplus ..	1,204,885	1,443,530

Canadian Hydro's consolidated figures for the quarter and 12 months ended June 30, 1937, reflect a balance added to surplus of $502,883 and $1,544,531, respectively. These figures represent approximately the results that would have been obtained by Gatineau if the plan had been in effect for the period under review.

The plan of amalgamation between Canadian Hydro and Gatineau Power was adopted by the shareholders on July 15 and approved by the Supreme Court of Ontario July 30. Under the scheme, capitalization of Gatineau Power Co. will be represented by 121,960 shares of 5% cumulative preferred and three million shares of common, of which 1,621,960 shares will be issued at the present time.

Crown Trust Company

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If you hold one or more mortgages which need special supervision and management to prevent loss—consult us regarding the services we are qualified to render in such cases.

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Profit, as thousands of other Canadian home owners have done, by this genuine opportunity to improve your home without financial strain.

Look your house over and decide what is needed most to protect it through the winter and make it more livable. It may need a new roof or insulation; painting or a new furnace; up-to-date plumbing or a modern kitchen; a fireplace or extra basement and attic rooms. These and many other desirable improvements all qualify for home improvement loans. They add comfort and value to the home and *help put men to work.* Make your home over for better living, this Fall.

LOANS EASILY ARRANGED

Any contractor, supply firm or architect can help you arrange a Home Improvement Plan loan if you need it to finance the work for you, or you can apply direct to your banker. No security or endorsement needed: you simply show that you can repay in monthly instalments and the loan is made, the work proceeds, your home is made brighter and more livable and men get needed jobs.

Full information on the Home Improvement Plan and what it covers may be obtained from your local committee, your Provincial Chairman, your bank or the National Employment Commission, Ottawa.

(The cost of this series of advertisements sponsored by the National Employment Commission, has been defrayed entirely by public-spirited concerns and individuals as a contribution towards that "Nation-wide co-operative effort" envisaged by the Parliament of Canada in the National Employment Commission Act.)

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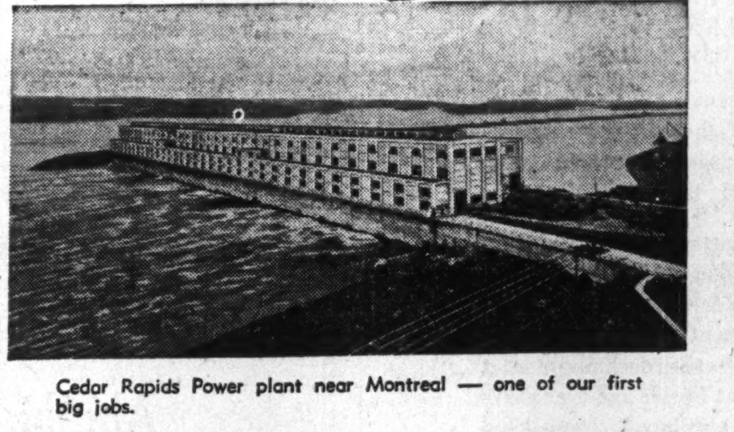
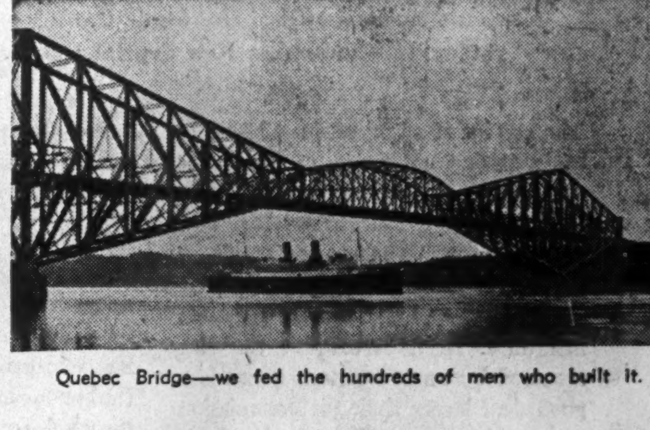
OUR job is to keep all types of workers fit and keen—in all locations no matter how remote from supplies or transportation facilities—to keep efficiency up—to keep costs down—to release busy executives from camp detail, enabling them to devote their specialized talents to the main push. Railways, highways, power, pulp and paper, lumber, construction, mines—we serve them all!

Our staff has grown from a few pioneers when we began 25 years ago, to a regiment of 1,500 today—14 branches from Manitoba to the Atlantic—an alert, closely-knit and mobile organization.

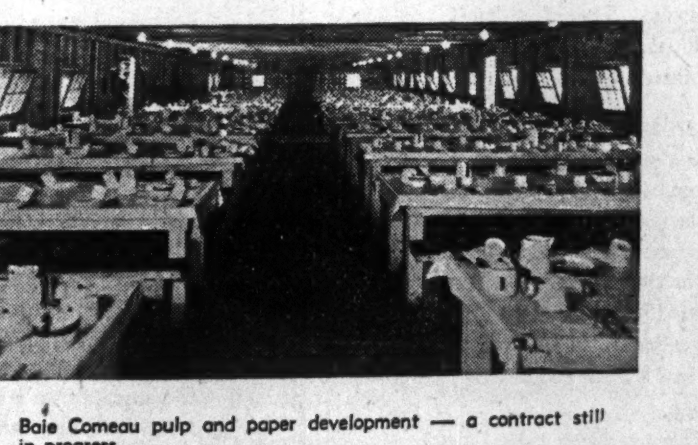
If you are running a camp or planning to run one, it will interest you to have a talk with one of our experienced executives.



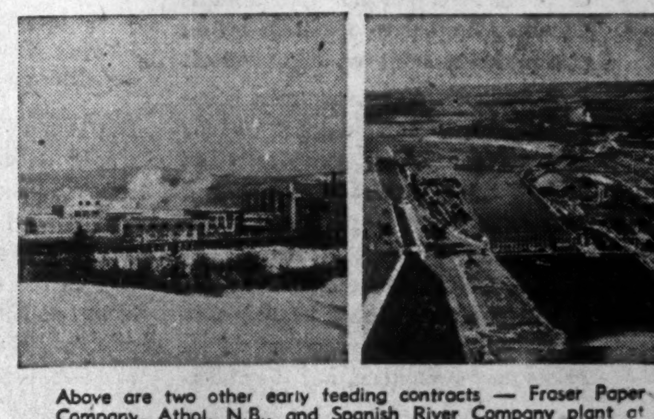
Cedar Rapids Power plant near Montreal — one of our first big jobs.



Quebec Bridge—we fed the hundreds of men who built it.



Baie Comeau pulp and paper development — a contract still in progress.



Above are two other early feeding contracts — Fraser Paper Company, Athol, N.B., and Spanish River Company plant at Sault Ste. Marie.

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Investment Trends

Fear Psychology Affecting Stocks

Investment Men Do Not Expect Another Depression at Present — If Stocks Recover from Recent Decline, There May be Another Later Drop

Opinion among financial men and bank managers in financial districts seems to be that it will be some time before there will be resumption of public activity in stock markets. The feeling appears to be growing that the recent fall of stock prices is just a natural reaction to the sustained 1935-1937 advance, a swing of the stock market pendulum.

Fear psychology is conceded to be playing a part in public apathy to common share investments. It is based partly on memories of 1929, partly on fear of war. Among investment men, however, there is little fear of another serious depression at present.

A comment on the international investment situation is that British insurance firms with large risks in Shanghai may be sellers of securities, contributing to the recent decline. However, there has not been a great slump in gilt-edged bonds which form the main holdings of such underwriters.

Followers of the stock market trend suggest that even though the current weakness carries prices lower there will remain the possibility of a subsequent offsetting rise. If the downtrend follows a normal course, there would then be another decline but perhaps not below the former bottom levels.

Whose Theory?

An advertiser of his own views, Major L. L. B. Angas, British forecaster of economic and investment trends, has had considerable success. His latest is a claim that the Dow theory of appraising stock market price trends is obsolete because management of money, particularly in the United States, prevents the very swings of stocks upon which the theory is based. Uncontrolled trade cycles, he says, are certainly dead.

It sounds something like the "new era" idea of 1929. Anyway, to meet the situation he has started to publish digests, on the investment outlook under managed money, at $25 a year. An interview costs $200 and continuous advisory service for individuals is $2,500 annually, for corporations $5,000. For those who wish to pay only on results the fee is 15% of profits on the fund entrusted to the Major's management.

Whether obsolete or not, the Dow theory of gauging stock price movement says that the month-to-month trend is still downward; and that even a sharp rise from present levels would not necessarily mean resumption of the year-to-year rise. But there is some doubt under the theory, about whether the longer term rise has turned into a decline.

* * *

Recent Low Points

The Montreal Stock Exchange index for industrial shares has dropped well below 90 and the Toronto average has been close to the 140 level. Wall Street industrials have carried the Dow-Jones average toward the level of 153 where there is believed to be the possibility of at least a temporary bottom.

The significant thing for the investor is that stocks have dropped to levels at which there may soon be sufficient investment demand to stem the fall of prices. The result might be a turn in the trend for a short time to an upward direction. That would not necessarily mean, however, that prices would not return to something like their recent low points. In brief, it might be a mistake to buy stocks hastily without taking time to study them.

* * *

British Optimism

There are conflicting reports on the amount of foreign buying and selling in connection with the recent slump of stocks in Canada and the United States. Indications appear to be lacking, however, that there have been large withdrawals of foreign funds from New York. It is suggested that proceeds from stocks which may have been sold for European account have been left on deposit in the United States.

It is known that British investment trust men consider that economic recovery has been 18 months slower developing in Canada and the United States than in Great Britain, South Africa and Australia. Consequently there has been switching, over the past year or two, of funds to this continent from other Empire areas.

* * *

Stocks, Right or Wrong?

There is a widespread belief that such a decline in stocks as has occurred since last March warns of at least a pause in the business recovery. The fact that many people believe it may have the psychological effect of leading to a "pause" complex, thereby contributing to such a hesitation in business.

Suggestions that business may pause appear to be made without very definite reason, for instance in The Annalist, New York:

"The March-September decline in stock prices probably foreshadows some sort of a recession in general business activity, similar perhaps to the 1927 or the 1924 recessions.

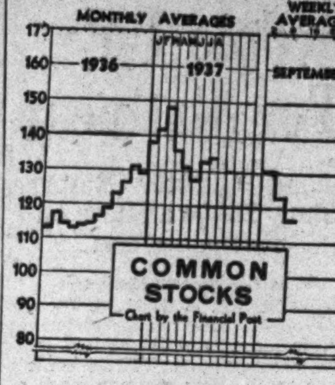
"The supposition that business will pause because the stock market has receded does not seem entirely safe. For one thing the stock market is not always right and, on hindsight, appears last spring to have run ahead of business. There is at least room for argument on the view that stocks always forecast business, even though it is something like the one about which came first, the hen or the egg?"

* * *

Milling Shares

The wide spread that persists between wheat prices at Chicago and Winnipeg continues adverse for Canadian millers who compete for export business. The situation is such that American millers can use a small quantity of Canadian wheat for blending and turn out flour at lower costs than Canadian millers. Our firms must use largely Canadian grain to obtain Empire preferences.

The unfavorable competitive situation apparently accounts in part for recent softness in shares of Canadian milling firms. The stock market appears to be paying attention to the outlook for the coming year rather than to the improved reports on earnings for the year just past.



NEW LOW POINT

Descent of common stock prices in the week ended Sept. 16 lowered the Dominion Bureau index to 122.3, which compares with 119.7 for the corresponding week in 1936. Indices are tabulated on this page.

Steel Output Shows Gains

Canadian Firms Secure Larger Share of Domestic Market

From Our Own Correspondent

MONTREAL.—New business in the iron and steel industry showed improvement as the holiday season drew to a close and prices remained firm. Steel mills are well supplied with orders and backlogs in many cases are considered sufficient to hold operations to capacity levels till the close of the year.

One of the reasons for increased activity in the iron and steel industry in Canada in the current year is the world-wide shortage of steel arising in part from the rearmament programmes in Europe. Because of this shortage other countries, notably Great Britain, have curtailed their shipments to Canada, with the result that Canadian operators have been endeavoring to take care of the full requirements of the market. Figures published by the Dominion Bureau of Statistics indicate considerable success along this line.

Prices Lower in Canada

One of the reasons for the improvement in Canada's iron and steel industry is that prices here are lower than elsewhere. It is many years since the price of iron and steel in Great Britain has been as high as at present. Furthermore, for the first time, prices of foundry iron in Canada are lower than in Great Britain.

Many foundries are switching from scrap to pig iron because the latter is more attractive at today's prices. As a result of this insistent demand, prices in Canada have risen, but users of foundry pig iron are still able to secure their requirements at prices which are as low as those at Toledo and Chicago.

Production of steel ingots and steel castings in August amounted to 126,695 tons, an increase of 58% over the production of 80,164 tons in the same month of 1936 and an increase of 3% over July of this year.

For the first eight months of 1937, production totalled 926,840 tons, an increase of 32.3% over the 727,657 tons produced in the corresponding period of 1936 and of 73% over 556,752 tons produced in the 1935 period.

August production of pig iron in Canada totalled 74,578 tons, which is an increase of 93% over the same month of last year. Production in July of this year was 79,736 tons. For the first eight months of the year pig iron production totalled 578,258 tons, an increase of 40% over the 413,893 tons produced in the same period of last year.

Sheet Production Increases

Production of galvanized and iron sheets in Canada for the six months ended June 30 totalled 33,175 net tons, an increase of 36% over the same period of last year and almost double that of the 1935 period. The production for the first half of this year almost equals that for the whole 12 months of 1927 and present indications are that production in current year will exceed that of the peak years of 1929. From these figures it is evident that domestic producers are securing a larger proportion of the Canadian market.

The Hamilton mill of the Steel Co. of Canada, producing black sheets, is operating at a higher rate of capacity than in other years and advantage is being taken of the plant improvements and extensions made during recent years. Further extensions are now under way at that plant which will augment the raw steel supply and add still further to the facilities for domestic production.

Power Company Revenue Higher

From Our Own Correspondent

MONTREAL.—Lower St. Lawrence Power Co. reports an operating revenue in August of $26,956, an increase of $3,706 over the same month a year ago. After providing for operating expenses and taking into consideration non-operating income and interest charges, there was net income for the past month of $8,030. For the same month a year ago net income was $1,647.

Cumulative returns for the first eight months of this year show an operating revenue of $186,964, as against $174,762 for the same period in 1936. Net revenue available for interest charges, depreciation, etc., totalled $107,140 for the period, as against $94,092 a year ago. After all charges there was net profit available for dividends during the eight months of $24,354, an increase of $5,594 over that reported at the end of August, 1936.

Investment Notes

National Steel Car—Market action of the stock has not been very impressive in the "break." The annual statement disappointed many followers, but one point overlooked is that revenues taken into the accounts were "cash" receipts only.

* * *

Consolidated Paper — Speculative holdings in the newsprint stocks have been shaken out during the present unsettlement of the markets. Consolidated Paper has broken through 12 on steady liquidation, reflecting partly the substantial floating supply.

* * *

Utilities—Stocks in this group have stood up well during the past week or two and, in the main, have declined less than other groups. This is probably due to the lack of speculative buying during the 'bull' market.

* * *

Dosco—The B stock has been a market leader since last spring and despite a wide speculative following, it has managed to hold up fairly well during the break.

* * *

Price Bros.—The drop in the market value of Price Bros.' common has hit hard at many investors, not to mention the syndicate that bought the block of 137,739 shares at better than $40 a share from the bankrupt Quebec Investment Co The proceeds went to pay off loans from the Royal Bank of Canada.

* * *

Canadian Car—The news that Car had received a $2 million airplane order from Turkey had no influence on the market—the stock selling off in sympathy with the general market.

* * *

International Nickel—Records of the U. S. Securities & Exchange Commission show transactions for Donald MacAskill, a vice-president earlier this year. In February he held 5,000 shares of Nickel through a holding company which was reduced to 3,000 shares in the same month. In April he acquired 100 shares and at the end of that month retained an interest in 3,100 shares.

* * *

Industrial Acceptance—Automobile financing in Canada for the seven months ended July last represented an increase of 37½% over the same period last year. Industrial Acceptance experienced a greater percentage gain not only for the seven months but for August and for September to date. Traders Finance has had similar large gains in business.

* * *

Jones Bros. Co. of Canada, Ltd.—Officers of the new company which has been incorporated to take over the former Jones Bros. of Canada. Ltd., are C. W. Hunter, president and general manager, Sidney Jones, vice-president, and D. G. Wiggins, secretary-treasurer. In the list previously reported the name of Sidney Jones, who is a founder and former chairman of the company, appeared as Sidney Smith.

Inter. Paper and Power New Securities Ready

From Our Own Correspondent

MONTREAL.—International Paper & Power Co. has notified stockholders that the plan for change in capitalization, recently approved by directors and shareholders, has been completed and new shares of stock ready for exchange for old ones.

There are five classes of old preferred and common stock involved in the change in capitalization, undertaken early in the year to eliminate dividend arrears of $43.75 a share on the 7% preferred, and $37.50 a share on the 6% preferred.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 6	Milling 4	Oils 4	Textiles and clothing 10	Food and allied prod. 13	Beverages 7	Bldg. mater. 14	Power and traction 15	Banks 9	Total utilities 19	Total co's 95
1929-36:*												
High	432.5	113.4	273.4	423.5	113.5	107.8	205.4	281.1	197.6	131.7	166.0	199.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1937:												
Jan.	156.3	37.2	119.6	229.6	77.3	184.2	141.0	197.0	91.1	94.4	66.5	137.4
Feb.	163.4	36.7	120.7	235.2	78.5	188.2	139.3	203.5	97.5	96.7	73.1	142.4
Mar.	168.3	40.2	127.0	247.7	80.2	190.0	141.8	213.4	94.7	95.9	71.0	147.2
Apr.	157.5	47.1	117.4	230.4	79.9	182.4	133.4	204.6	85.1	94.0	64.1	130.2
May	151.3	39.5	109.4	229.6	77.5	178.5	128.4	188.4	84.0	92.7	63.0	132.3
June	148.1	38.2	103.7	220.2	77.7	177.7	131.0	179.6	84.1	92.3	63.2	129.4
July	148.0	40.5	102.0	222.6	79.7	182.1	136.1	188.7	88.0	90.2	63.9	133.0
Weekly Figures, 1937:												
Aug. 5	150.6	38.7	98.7	225.0	80.8	182.0	137.1	188.4	91.9	90.2	66.2	135.7
Aug. 12	152.8	40.6	99.1	223.3	79.7	182.8	137.5	192.9	92.0	90.0	66.0	136.7
Aug. 19	153.1	41.7	99.1	223.6	79.3	182.6	139.7	195.8	90.8	90.0	65.3	136.2
Aug. 26	149.7	39.2	98.9	221.9	78.9	181.5	135.6	191.4	87.9	89.7	63.7	133.3
Sept. 2	144.0	37.7	95.6	223.4	78.6	179.0	133.4	185.1	85.8	89.6	62.4	130.9
Sept. 9	134.5	32.4	92.7	210.7	76.0	172.4	123.9	168.3	79.4	88.2	58.1	122.7
Sept. 16	123.3	29.9	89.3	203.8	74.8	166.2	118.9	156.8	78.1	86.7	57.2	119.8

*High and low for years from 1929 to 1936 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Sept. 21	141.91	112.46	134.93
Sept. 20	142.14	111.74	134.23
Sept. 18	144.14	113.42	139.39
Sept. 17	145.70	115.68	142.30
Sept. 16	147.13	116.48	143.62
Sept. 15	145.40	114.35	142.42
Month ago	167.09	128.03	173.64
Year ago	137.81	142.31	145.84
High, 1937	187.67	166.59	215.36
Low, 1937	141.78	107.23	135.61

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Sept. 21	73.6	87.3	82.7
Sept. 20	73.7	86.7	82.4
Sept. 18	74.2	90.3	84.9
Sept. 17	74.8	92.3	86.5
Sept. 16	74.8	92.3	86.5
Sept. 15	74.6	92.6	86.6
Month ago	80.1	100.8	99.0
Year ago	72.1	79.7	77.3
High, 1937	92.5	123.3	109.5
Low, 1937	73.5	89.5	84.1

Jamaica Utility Profits at Peak

Current Earnings of $2.57 Set All-time Record—All Divisions Active

From Our Own Correspondent

MONTREAL. — Jamaica Public Service's earnings on the common stock during the 12 months ended July 31 last totalled $2.57 a share; a new high record and comparing with $2.27 for the previous year and with $2.20 for the calendar year 1936.

Net earnings on the common stock for the eight months of the current year ended August totalled $67,687, equivalent to $1.50 a share. Earnings for the corresponding period a year ago totalled $50,998 or $1.03 a share.

Reflects Business Conditions

The marked improvement in the company's earning power this year is a reflection of the general betterment in Jamaican business conditions. General business which is on a higher level than last year, continues to hold up. Banana shipments are running about 70% ahead of 1936 and unless bad storms are experienced within the next few months, the total for this year should exceed any in recent years. Up to the end of July shipments this year totalled 15,700,000 stems, against 9,300,000 stems for the first half of 1936.

Other economic indices are highly favorable. The Island's trade returns for the first half of this year show sugar exports at 85,000 tons, compared with 55,000 tons a year ago. Shipments of rum during the period totalled 759,000 gallons, up from 522,000 gallons a year ago. The cocoanut trade shows a slight falling off, exports this year amounting to 14,300,000 nuts, as against 15,100,000 nuts in 1936. This decline is offset by a sharp increase in copra exports, returns for the first half of this year totalling 968,000 pounds, as against only 44,000 pounds last year.

Another factor which has had an important bearing upon the prosperity of the Island and in turn upon operations of Jamaica Public Service, is the tourist traffic. The number of visitors to the island last winter was the largest on record and the tourist trade now ranks second in importance to bananas as the principal source of new wealth for the Jamaicans.

All Divisions Gain

The betterment in operations is a reflection of improved conditions. A breakdown of the returns up to the end of August shows an increase in dollar revenue from residential, commercial, industrial, farm and municipal electric service. In addition the ice-manufacturing plant also shows a healthy gain in dollar revenue. The improved income from the electric services is even better than indicated by the dollar returns, as the company put into effect a rate reduction earlier in the year.

At the end of last July, Jamaica Public Service reports 9,170 customers, an increase of 513 or 5.9% in the past 12 months.

Spending on Plant

Over the past year Jamaica Public Service has been carrying out extensive plant improvements, the capital outlay being provided out of current earnings. Net construction expenditure to the end of July totalled $17,693, of which $88,151 was spent in connection with the new turbine generator installed in the Kingston plant.

At present the company is working on the Montego Bay power plant extension. Building plans have been approved by the local authorities and contracts let for construction.

The management is working on plans to bring about a further expansion in business and also to enlarge plant facilities.

Plans call for the construction of a new 9,500 barrel oil storage tank at the Gold Street plant in Kingston. It is also the intention to enlarge the office and store at Montego Bay and to install a new water wheel and generator at the Bogwalk hydro station.

At the present time the company is paying a dividend of $1.75 a share on its common stock of which there are 45,000 shares outstanding. Earning power in the last two years would justify an increase in the distribution. So far the matter has not been considered by the management, though with a continuance of present earnings it is more than likely that the rate will be revised upward in the next year or two.

Marketwise, Jamaica Public Service stock has stood up well in the present unsettled market. Its range has been from a low of 34¼ to a high of 37, with current quotations from 35 to 37.

Investment Firm Earnings Higher

Economic Investment Trust Ltd. Maintains Assets

Net assets of Economic Investment Trust Ltd. at the end of Aug., 1937, were approximately $3 millions. This gives a break-up value of about $51 a share against $38 a share at the end of Aug. 1936, and $53.48 a share at March 31, 1937, the end of the last fiscal year. These figures, of course do not give effect to the severe declines in stock prices of the past three weeks.

Income for the five months ended Aug. 31, 1937, has been around $32,000 compared with $29,000 in the corresponding period of 1936. In the 1936 period, however, a large portion of the income received was of a non-recurring nature such as payments of arrears of interest or dividends. This year income has been almost entirely regular interest or dividends received on investments so that the increase has actually been greater than indicated by the $3,000 higher revenue reported. Net profits equivalent to $2.08 a share were reported in the year ended March 31, 1937.

An interim dividend of 62½ cents a share has been declared on the common stock of Economic Investment Trust, payable Oct. 1, 1937, to shareholders of record Sept. 21. This is at the rate of 5% per annum for the half year ended Sept. 30, 1937. The trust pays semi-annual dividends on its $25 par value stock, payments for the year ended March 31, 1937, totalling $1.75 a share, including 37½ cents a share paid Oct. 1, 1936, and $1.37½ a share paid April 1, 1937. Thus the dividend just declared is substantially greater than that paid on the same date last year.

Associated Telephone Net Income Expands

From Our Own Correspondent

MONTREAL.—The outlook for Associated Telephone & Telegraph Co. has shown improvement in the current year, earnings during the six months ended June 30 last showing sharp expansion. Consolidated net income for the period, after making provision for fixed charges, were several times in excess of regular dividend requirements on the company's 7% and $6 first preferred shares.

Since August 10 of last year the company has paid dividends aggregating $2.24 a share on the 7% first preferred stock and $1.94 a share on the $6 first preferred stock, leaving arrears of $34.51 and $29.58 respectively.

CONSOLIDATED PAPER

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This is particularly true in the United Kingdom where an aggressive, well planned campaign is being carried on to acquaint consumers with the quality and utility of Canadian-grown and Canadian-made products.

Every dollar's worth of export business thus secured is a dollar in the pockets of Canadians so that everyone in Canada should be vitally interested in the efforts of the Government to expand our export trade because, directly or indirectly, the success of these efforts will affect our future prosperity and well-being to a marked degree.

By its Trade Commissioners located in strategic positions throughout the world; its Exhibitions, offering opportunity to display Canadian products; its Motion Picture Bureau; its Bureau of Statistics; many and diverse services are offered to those interested in developing export business.

It is through these services that the Department of Trade and Commerce at Ottawa is opening the Gateways to New Progress by increasing the sale of Canadian products in the markets of the world.

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No. 2 of a Series—"Why an Investment House?"

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But if the market should suddenly weaken on the day of the offering? The underwriter holds $1,000,000 of bonds for which payment of $960,000 in cash has been made, but in a declining market the bonds cannot be sold and eventually the whole issue may have to be disposed of at a heavy discount. There is no limit to what these losses may be—the underwriter must absorb them.

But before the security issue was even placed on the market the industry received a cheque for $960,000—its new capital needs were insured by utilizing the services of an underwriting house. And it is the experience, personnel and trained organization of an established investment house which makes possible this service to industry.

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NOTICE TO BONDHOLDERS

Abitibi Power & Paper Company, Limited

A meeting of the Bondholders of Abitibi Power & Paper Company, Limited, to be held in Toronto, Canada, on October 15, 1937, has been ordered by The Supreme Court of Ontario.

It is important that all Bondholders of the Company be present or represented at this meeting, the purpose of which is to consider the Plan of Sale of Assets and Reorganization presented by the Bondholders' Representative Committee.

In order to be represented at the meeting, unregistered Bondholders must present their bonds at the meeting in person, or deposit their bonds in advance with any bank, trust company or some other depositary approved by the Trustee, obtain a voting certificate entitling the person therein named to vote at the meeting, and appear in person or by proxy at the meeting with such voting certificate.

Bondholders are urged promptly to send their voting certificates and proxies to Montreal Trust Company, Trustee, or to the Bondholders' Representative Committee, Room 1000, 44 Wall Street, New York City, or Room 2400, Canadian Bank of Commerce Building, Toronto, Canada, or to communicate with the Committee in case further information is desired.

Bondholders' Representative Committee
By JOSEPH P. RIPLEY, *Chairman*

Toronto, Canada

Bond Markets

Stock Market Influence Sways Speculative Bonds

No New Financing Offered But Prices for High Grade Bonds Remain Firm — Two Contrasts Seen Between Canada and U. S.

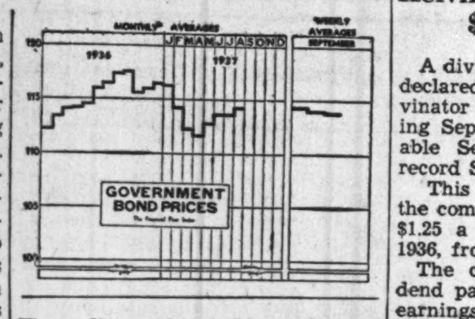
So far as new bond financing is concerned the past week has seen no activity. Any corporation bond financing that may be in prospect will undoubtedly be held for a more favorable market. When that will come is dependent on the fortunes of the stock market.

High-grade Government bonds were firm but inactive, with practically no changes in prices. Eastern provincial bonds were quiet with firm prices, while, with the exception of Saskatchewan obligations which were slightly lower, not much change took place in bonds of the western provinces.

Although best grades of Canadian corporation bonds continue to withstand the influence of weak stock markets, the same cannot be said of the more speculative issues. In spite of figures showing newsprint production in Canada to have increased 19% in the first eight months of 1937 over the corresponding period of 1936, bonds of most companies engaged in the paper industry declined further. Abitibi 5% bonds illustrate this point well. Monthly figures for this company show that net earnings for the first eight months of 1937 have been 125% greater than in the corresponding period of 1936, but the bonds are quoted this week as low as 80 compared with around 85 a week earlier and over 105 in April. Even after this decline, however, these bonds are still quoted about twice as high as at the beginning of 1937.

Bondholders' Security

Discussing the origin or definition of capital, The Economist, London, Eng., points out that bond or debenture holders must depend for their security and interest on earning power of the company concerned. When interest is unpaid they may apply for a receiver and take possession of the assets, but potential ownership of old iron is a right of no particular value. What distinguishes one railway, for example, from another is not the steel of which its rails are composed, but the question of whether it runs through a prosperous country to a busy port, or through a bankrupt district to a derelict terminus. Foreclosure is usually the final admission of capital impairment and the real security for bondholders is their priority over shareholders in the annual division of profits. Foreclosure rights have a value mainly psychological.



The ordinary shareholders, who are usually in charge of a business, can be relied upon to make every effort to prevent control from passing from their hands as will happen if they fail to earn or pay bond interest.

* * *

Fundamental Differences

Attempts to make direct comparisons of conditions in Canada with those in the United States, in so far as they are likely to affect the security markets or general business, sometimes overlook two instances in which vitally important differences are noted.

In the first place revenues and expenditures of the Dominion Government are currently running on a scale which gives excellent promise of a balanced budget for the current year, though a deficit of $35 millions was estimated. In contrast the United States Government is still piling up huge deficits and increasing its debt to new heights. Another point of difference is the lack of any move in Canada which resembles a new drive for "easy money" such as has risen in the United States.

Canadian investors cannot afford to ignore developments in the United States, many of which have an undeniable effect on Canadian security markets, but at least in the two cases mentioned basic factors in Canada should be more reassuring to investors. This does not mean that there are no unfavorable conditions, for example C. N. R. deficits, in the financial position of the Dominion.

* * *

Bond Index

For four days of the past week The Financial Post index of high-grade Government bonds remained unchanged, with a small decline taking place toward the end of the period. Details of the movements compared with corresponding days a year ago follow:

Average Price and Yield For Seven High-Grade Government Bonds

1937	Price $	Yield %	1936	Price $	Yield %
Sept. 21	113.72	3.269	Sept. 21	117.71	2,980
Sept. 20	113.71	3.269	Sept. 19	117.75	2.977
Sept. 18	113.99	3.244	Sept. 18	117.88	2.967
Sept. 17	113.99	3.244	Sept. 17	117.86	2.970
Sept. 16	113.99	3.244	Sept. 16	117.91	2.966
Sept. 15	113.99	3.244	Sept. 15	117.83	2.971
Year's	3.206	116.81	Year's	1.966	117.91
Range	3.505	111.60	Range	3.597	111.50

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Municipal Finances

Quebec. — The city will shortly stort proceedings in Recorder's Court against property owners involving tax arrears of $693,178, all of which are at least five years in arrears.

The city has collected $94,415 in outstanding tax arrears in the period ending July 31, 1937, reducing the balance of unpaid taxes to the $693,178 mentioned above.

* * *

Ottawa—In the eight months ended Aug. 31, 1937, city tax collections were up $184,493, compared with the 1936 period. Collections of current taxes were $3,799,491, a gain over 1936 of $126,238, and collections of arrears were $798,293, a gain of $45,749. Water rates brought in $477,568, an increase of $12,505 in the eight months.

* * *

Waterloo, Ont.—Bank loans were $28,175 at Aug. 31, 1937, compared with $59,575 at the end of August, 1936.

* * *

Regina, Sask., reports tax collections from all sources to July 31, 1937, of $1,545,083, compared with $1,404,497, in 1936, a gain of approximately $130,000. Percentage of current taxes collected this year is 48.8% of the $2,354,565 levy compared with the collection of 45.4% last year and a levy of $2,350,543.

The city's municipally-owned utilities operated with a surplus of over $310,000 in 1937 to July 31, against a surplus for the corresponding period of 1936 amounting to $282,400.

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Can. Cons. Rub..	6%	1946	Oct. 1	110
Dom. Coal,				
1st mtge.	5%	1940	Oct. 1	105
Do., s.f. deb. ..	6%	1955	Oct. 1	100
Wood, A. & J. .	†6%	1944	Oct. 8	103
Religious Issues:				
Hotel Dieu St.-Valier, Chicoutimi	5%	1937	Oct. 1	...
†For sinking fund purposes, $23,000.				
Stock Issues:				
B. Greening Wire	7%	Pref.	Oct. 1	110

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

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Strike Ties Up Dosco Rod Mill

Labor Dispute Brings Walk Out in Plant at Sydney

From Our Own Correspondent

MONTREAL.—Dominion Steel & Coal Co.'s bar and rod mill at Sydney has been tied up as a result of a strike of less than 400 workers following the management's refusal to accede to the workers' request to have one of the two men the union recommended appointed substitute roller for the regular worker who is ill.

Sudden and unexpected strikes of small groups of men in the huge Dominion Steel and Coal plant at Sydney have been declared on seveeral occasions this summer.

The present strike involves less than 10% of the workers at Sydney and no question of wages or working conditions is involved

The Provincial Government has been asked to take a hand in the dispute but Deputy Labor Minister E. B. Paul has taken the stand that the difference of opinion on policy should be settled between the employees and the company and not by the Government.

Kelvinator Dividend $1 on Common Stock

A dividend of $1 a share has been declared on common stock of Kelvinator of Canada for the year ending Sept. 30. The dividend is payable Sept. 29 to shareholders of record Sept. 23.

This is the second payment on the common. The initial payment of $1.25 a share was made Sept. 25, 1936, from earnings of last year.

The change in this year's dividend payment reflects reduction in earnings. For the year ending Sept. 30, 1937, the company is expected to show profits of about $2 a share, perhaps slightly above that figure, compared with $3.05 a share in the preceding year.

The management regards the outlook as encouraging because of development of new business in industrial refrigeration and air-conditioning.

Regent Knitting Pays Dividend of 25 Cents

An initial interim dividend of 25 cents a share has been declared on the common stock of Regent Knitting Mills, Ltd., payable Nov. 1, 1937, to shareholders of record Oct. 15.

In 1936 Regent Knitting earned 80 cents a share on its common stock compared with a deficit of 23 cents a share in 1935. Current income for the first half of 1937 shows further expansion in net profit, the increase being the largest for any corresponding period in the company's history. Dividends at the rate of $1.60 a share were also initiated on the preferred stock this year.

War Effects on Stocks Analyzed

(Continued from page 1)

above their previous lows for the year, notably Canada Bread, Consumers Gas, Shredded Wheat, and shares of chartered banks.

Oddly enough, some of the stocks that withstood best the 1914 collapse did not advance materially in price over the 1914-1919 period. Shares of chartered banks, for example, were not changed greatly after the war was over from what they had been in 1914. With dividends continuing at the 1914 level, such stocks did not offer very attractive yields by 1919, partly because the war-time inflation was accompanied by rising interest rates on Government bonds. That is, bonds softened in 1914 and continued their decline through the war years.

Bond Prices Soften

Nothing very spectacular happened in bond prices up to July. Bell Telephone 5% bonds were between 99½ and 97½ in January and closed at 99½ in July. By January, 1915, they were down to 96½. Montreal Power 4½ bonds dropped from 98 to 97 in the first seven months of 1914 and were down to 95 early in 1915. More speculative issues, however, declined five to ten points between the spring of 1914 and that of 1915.

By 1919 bonds of major Canadian companies had fallen farther, but not very seriously. Bell Telephone 5's, for instance, were as low as 91. Interest rates had risen as indicated by the decline of bonds, being exemplified in 1919 by prices around 100 for the Dominion Government tax-free 5½% bonds due 1937.

War and Stock Prices

After the initial shock of war had been evaded by closing of the stock exchange, not only in Canada but around the world, there were many quick advances in share prices in 1915. That year's highs were mostly recorded in December.

Fluctuations in a representative group of Canadian stocks in the Great War were:

Montreal and Toronto Prices 1914-1919

Stock:	1914 High	1914 Low	1915 High	1915 Low	1919 High	1919 Low
Barcelona Traction	35⅛	15½	12¾	7¼	13¼	5¾
Bell Telephone	159¼	140	159	140	133	110¾
Brazilian	92	53½	60	53	61	50
B. C. Packers	143½	111	128	110	146	92
Canada Bread	33	18½	31⅛	30	33	18
Canada Cement	32	28	48½	28	74¼	63
C. P. R.	219½	171	193½	139¾	175	160
Canada Steamship	18	9¼	20	5⅞	81	41½
Canadian Car	70	48	120	50	72	28
Consumers Gas	180	169	185	176	152	138
Dominion Bridge	122½	108	237	107	123	94
Dominion Canners	68½	27½	35	31	65½	30½
Dominion Steel	41	20	53	20	75¼	58¾
Dominion Textile	86½	64	77	64	125⅞	100
Laurentide Co.	192¾	164½	198	160	276	192
Maple Leaf Milling	48	24½	68	33	209	121½
*Montreal Power	78	71½	80½	71½	93	84½
Montreal Trams	230	190	220	220	160	114¾
Nova Scotia Steel	79	39½	107½	45¾	95½	48
Ogilvie Flour	123	107	144	110	298	194
Ottawa Light, Heat & Power	170	123	123	120	87	75
Penmans	55½	48	63	49	112	77½
Quebec Power	17	10	20½	9½	30½	16½
Shawinigan	142¾	111	140	110	127½	114½
Shredded Wheat	90¾	78	102	92	147	124
Spanish River	16¾	8½	7¼	3	90½	17
Steel of Canada	20	11	52½	8½	88½	57½
Toronto Railway	144¾	110	117	111	55	39
*Prices in 1914 and 1915 adjusted to 1919 capital.						
Bank and Loan:						
Commerce	218	199½	203	203	215	195
Montreal	250	227½	240	234	225	207
Nova Scotia	265	257	261	261	278	255
Royal	228	219	221¼	221¼	218½	208
Can. Permanent	192½	183	188	183	176	167

The stock market prices reveal much less favorable trends arising from war-time inflationary price trends and business volume than might be expected.

Results by Groups

Broadly speaking, the types of companies that got the least benefit from the Great War were these:

1. Foreign utilities.
2. Domestic services and utilities.
3. Banks and financial firms.

Those that gained, but some of them only temporarily, were chiefly:

1. Flour milling and food processors.
2. Steel manufacturers.
3. Makers of paper, textiles, or "inventory" industries.

What happened in some of these industries to affect the prices of shares on the exchange is far from what the investor might expect.

Foreign utilities like Barcelona and Brazilian Traction found themselves unable to convert their earnings in foreign currencies into dollars and their shareholders suffered losses in income or value. But the companies were able to expand their plants and in the decade following the war shareholders got some benefit.

Foreign investments are not attractive in times of war.

As for utility and service industries, such as Consumers' Gas and Canada Bread, for instance, the inflationary rise of prices in war increases their costs for wages and materials, and there is always public opposition to raising retail prices or rates. Such industries are therefore in the unfortunate position of facing rising costs without rapid compensation in higher sales prices. And where dividends remain stable, as in the case of Consumers' Gas 10%, the price of the security may fall in sympathy with bond prices.

On the one hand, high business activity in war time may benefit a navigation company like Canada Steamship Lines whose rates are subject to fluctuation. But it does little good for a transport organization like the C. P. R. whose rates are rigid.

Position of Banks

In the Great War the Canadian banks continued dividends on much the same scale as before the war. However, the fact that their earnings improved, due partly to higher interest rates, served to sustain prices for their shares despite the absence of dividend increases. Shareholders of the banks did not lose in money income although their dollar dividends would buy only half as much at retail in 1919 as in 1914.

Although oil shares did not bulk large on the Canadian stock exchanges before the Great War, it is noteworthy that International Petroleum rose from $5¼ a share in 1915 to $62 in 1919 and, of course, has grown enormously in value since then. But the profits of oil companies in the war years and after came largely from expansion of car ownership, rather than from the hostilities. Today oil producing companies might get some benefit from high war time prices but only if they were free to make international shipments.

The big profits in stocks in the Great War were made largely in shares of companies engaged in handling war orders, in such primary industries as paper-making, or in processing such commodities as flour and other foods and textiles. Rising prices for paper, for instance, account for the marked rise of shares of Laurentide Co. and Spanish River Pulp & Paper Mills between 1915 and 1919. The effect of rising prices for food and cotton textiles was to establish higher profits for firms that carried large inventories like Dominion Canners, Dominion Textiles, and so on. Of course, large proportions of such profits were wiped out in the post-war collapse of commodities. The great war-time expansion of the Canadian export wheat and flour trade is demonstrated by the advance of shares of such companies as Maple Leaf Milling and Ogilvie Flour.

Steel Firms Gain

Steel and machinery firms turned to manufacture of munitions during the Great War in many instances. And the rise of their shares in the war years reflects the result. The trouble is, however, that a lot of the munitions business is handled at the expense of more normal trade.

Also connected with the profits from munitions made by steel firms is the prospect of scrapping machinery and other depressing influences following a war. There are other risks, too, as shown by destruction in 1917 of the Canadian Car & Foundry plant at Kingsland, N.J., for which the company has not yet collected damages on its contention that the explosion was the work of German agents.

Those are some of the outstanding things that happened to Canadian stocks in the Great War.

There still remains a question, however, of whether similar things would occur if there were another general war. The demand for all sorts of raw materials to carry on the destructive business of fighting might again raise the price of foods, clothing and primary products. Inventory profits in some industries might again result. But the trouble is that a lot would depend upon who was at war as to the ability of companies to make even temporary gains.

Transport Problem

Control of ocean transport lanes would be necessary if Canada were to export raw materials freely. Even with British and Japanese strength in the Pacific Ocean in the Great War there was serious interference and delay in shipments by B. C. Fishing and Packing Co.

If Canada were involved in any way in a European war, what would be the attitude of the United States? If American zones of operation were not open to Canadian manufacturers and exporters, it might mean serious handicaps to earnings, and there is no telling whom it would affect most.

In the long run, the destruction of property in a general war represents a loss of wealth to mankind. Invariably wars lead to depressions. The investor may learn from the experience of the Great War that there are possible profits in some types of stocks in event of the widespread hostilities. But the profits are not lasting. Even at the time they are realized, profits made from war are to a large extent fictitious because the cost of living rises quickly. Often it rises faster than can be offset by the most favorable investments. And the inflationary influence of war financing is particularly costly to those with fixed incomes or whose wages and salaries can rise only slowly to meet the higher costs.

Some of the effects of the Great War on mining stocks are described on page 27.

Canadian Investment Securities
Enquiries invited.
BELL, GOUINLOCK & CO.
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MONTREAL TORONTO WINNIPEG

Bond Tenders

Sept. 28, Sch. Mun. of Ville St. Laurent, Que.—$30,000, 4% bonds, dated Sept. 1, 1937.

Silverwood in 21 Weeks Earns 40c on Preferred

Sales of Silverwood Dairies Ltd. for the 21 weeks ended Aug. 28 totalled $3.1 millions. Gross profits were $386,289 and net $57,672 after interest and depreciation charges. The earnings amounted to 2.37 times interest charges for the period and were 40 cents a share on the preferred stock.

Comparable figures are not available for the corresponding period of 1936, but in the full year ended April 3, 1937, net profits amounted to $72,780, or 50 cents a share on the preferred.

Of the 21 weeks' profits, $14,903 was earned in the four weeks ended Aug. 28.

Dividend policy for the preferred shares of $10 each has not yet been decided. At Oct. 1 there will be 18 months' arrears of 60 cents a share. It is understood that at the September directors' meeting it was decided to leave dividends in abeyance at least until October.

Summer months form the most active seasonal sales period for the company, largely because they contribute the bulk of the year's ice cream business. However, depreciation is being charged at heavy rates for the more active months. The showing up to Aug. 28 therefor indicates a likelihood of increased earnings over the full 12 months of the financial year which runs to next April 2.

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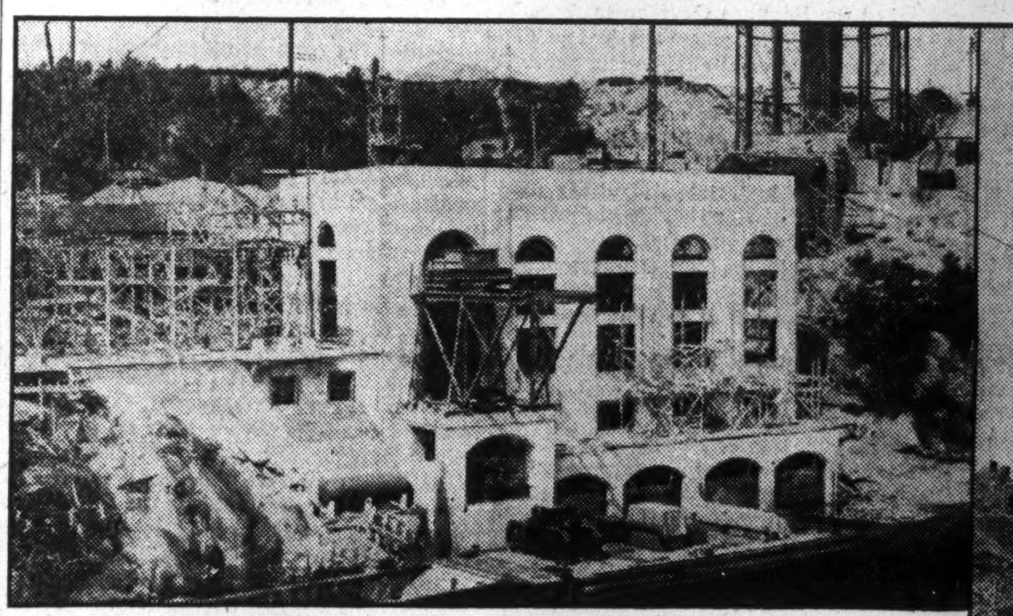
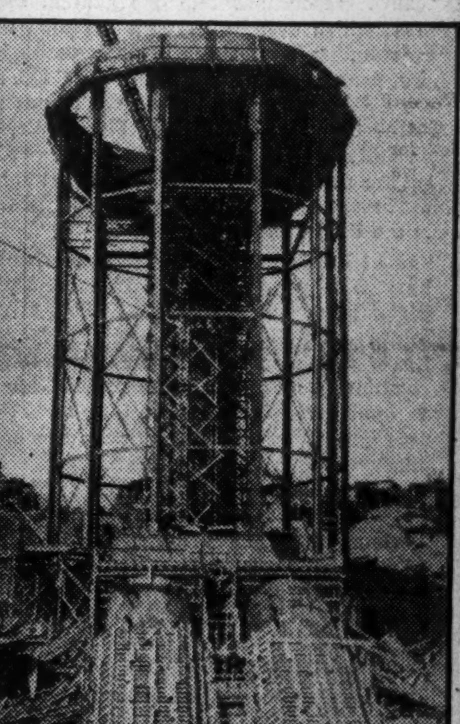

POWER TO BAIE COMEAU will be supplied from Outardes Falls hydro-electric power development with a capacity of 70,000 H.P.


GIANT SURGE TANK at end of pipe line at the Outardes Falls power plant.

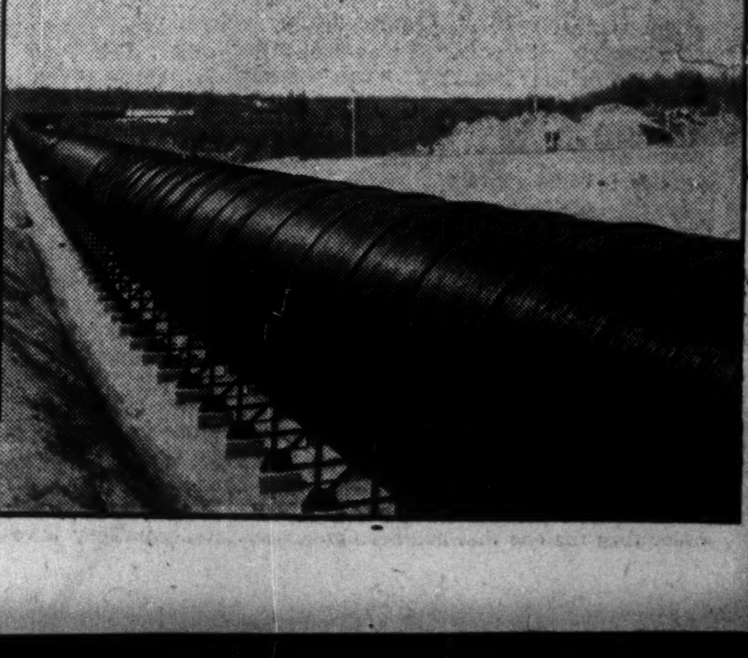
BAIE COMEAU DEVELOPMENT NEARS COMPLETION

The creation of Baie Comeau — paper mill, town, wharf, roads and power development — emerges swiftly from a plan into reality. Despite the remote location far down on the rugged north shore of the St. Lawrence, despite a short working season and unusual difficulties of terrain, this northern home of The Ontario Paper Company is rising swiftly toward completion — another contract to the credit of The Foundation Company of Canada, Limited.

THE FOUNDATION COMPANY OF CANADA LIMITED
MONTREAL TORONTO HALIFAX

WEDDING BELLS and shovel archway mark Baie Comeau's first nuptial occasion.

AUTHORITATIVE ARCHITECTURE is the keynote of Baie Comeau, as shown by this partial view of "The Manoir".


MORE THAN A MILE LONG and 17½ feet in diameter, the largest wood-stave pipe in the world — for the Outardes Falls power development.

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TORONTO, SEPTEMBER 25, 1937

The Financial Post's Platform for Canada

1. *Balanced budgets.*
2. *Abolish politics in C. N. R.*
3. *Merit system in public service.*
4. *Freer foreign trade through Empire preferences and foreign treaties.*
5. *Stable tariffs for balanced development.*
6. *Stricter laws to protect investors.*
7. *An even break for Canadian national newspapers and periodicals.*
8. *A modernized constitution.*
9. *Integrity in meeting public obligations.*
10. *Wider markets for our farms.*

Trade Unions in Canada

WHETHER one calls it fence-straddling or inspired leadership, the handling of the C.I.O. issue by the Trades and Labor Congress at Ottawa last week is a matter of wide interest and importance.

Traditionally linked with the craft or A.F. of L. unions, the congress at its 53rd meeting found upward of one hundred of its delegates representing groups allied with C.I.O. affiliates. So far, the split which has rent unionism asunder in the United States had been kept out of the T.C.L. picture, but a dozen resolutions on the Ottawa order sheet indicated that it must finally be faced one way or another.

What happened was the merging of all "C.I.O." resolutions into one general statement which urged all groups affiliated with the congress to refrain from participating in a split pending negotiations with the C.I.O. and the A.F. of L. or until the next Trades and Labor Congress convention. Meanwhile, the executive of the Congress were requested to act in a mediatory capacity in an effort to heal the breach between the warring labor factions in the United States.

That Paddy Draper and his associates will be able to pour oil on the troubled United States labor waters few will be bold enough to prophesy. The important point is the ability of Canadian labor leaders to present a combined front on this controversial issue and to hold their membership together in the face of this far-reaching threat from across the line. This does not mean that the lawlessness on the part of C.I.O. agents in Canada is being condoned or approved; it does mean that the major trade union organization in Canada is facing frankly the fact that its membership embraces "craft" and "industrial" unions and that in another country these different groups have ben separated, for the present at least, by the dictatorial methods of and leadership of John L. Lewis.

Through its Ottawa resolution, the Trades and Labor Congress has laid the groundwork of an independent, Canada-wide trade union movement divorced from foreign domination. As urged by J. J. Gibbons, president, the Toronto Board of Trade, before the Canadian Chamber of Commerce, at Vancouver, Canadian labor must "write its own declaration of independence" along the lines of a "powerful dominion-wide federation rather than submit to the domination of the foreign C.I.O." Such a body, in the opinion of Mr. Gibbons, would be of lasting benefit to both labor and capital in this country:

> "With Canadian employers negotiating through Canadian trade associations, and with Canadian labor presenting its views through a purely Canadian labor union or council, surely there is no problem in the realm of Canadian industry that cannot be solved to the lasting satisfaction both of capital and labor."

Recent correspondence in these columns between the so-called "Canadian" labor union groups is clear evidence of the bitter and vindictive spirit which exists at the present time between the All-Canadian Congress of Labor and the Canadian Federation, which are the two chief domestic federations. if this spirit were to find its way into the councils of the Trades and Labor Congress there would be little hope for any real leadership for unionism in this country.

The Investor and Company Laws

ANOTHER instance of the importance of company law to the investor has arisen in the case of Langley's Ltd.

The principle of prime importance in this instance is that the recent court sanction of the company's reorganization plan does little to clarify company law, first, because there is no written decision and, second, because the verbal decision of Mr. Justice C. P. McTague did not deal fully with the legal details. The decision is being appealed.

Sanction of the plan was sought under the Ontario Companies Act which provides that the judge may sanction an arrangement, when approved by sufficient shareholders, either as proposed or amended at the shareholders' meeting. It was argued in this case that three days before the meeting two of the three proxyholders for preferred stock had agreed with dissenting shareholders on a plan more favorable to preference shareholders. At the meeting, these proxy holders were advised by the company's solicitors that they could not use their proxies for voting on any scheme other than the one that had been circulated. This advice was based on a footnote on proxy forms stating: "Any proxies in their favor will unless specifically directed to the contrary be voted in favor of the said arrangement."

This footnote is really the crux of the case, since the court interpretation that it barred any amendment or modification of the scheme was not realized by all shareholders. This raises the important question as to whether the interpretation as placed on this footnote by the company solicitors means, in practice, loss of the rights of preferred shareholders to modify a reorganization plan.

In this connection, it will be recalled that holders of first preferred shares of Canadian Hydro-Electric Corp. were able recently to obtain an increase from 121,960 to 182,940 in the number of common shares offered to them by approving an amendment to the original reorganization plan. If proxies can in practice eliminate the right to amend, it will be costly to preferred shareholders.

Whether or not the dissenting shareholders in the Langley's case are right in their contention that the reorganization is a most inequitable one for the preferred stock, they deserve the praise of investors for carrying on an appeal which will clarify company law for the benefit of preferred shareholders in general.

Choosing Expert Advice

OPPOSITION speakers in the Ontario election campaign have been strongly critical of the Hepburn Government because the provincial Hydro system engaged an American firm for special engineering surveys.

Criticisms of the firm itself, Stone and Webster, of Boston, have elicited little comment. Stone and Webster is one of the greatest engineering firms of the continent, particularly in the hydro-electric utility field. Its reputation will stand above pin-pricking criticism on political platforms.

That leaves only one point at issue; whether American experts should be engaged by a Canadian government or government-owned utility.

A government seeking expert advice should engage the best available experts whether they are Canadian, American, British, Czechoslovakian, Japanese or Patagonian. And, as a matter of fact, every government does from time to time do this very thing. The western provinces have engaged Americans to prepare their briefs to the Rowell Commission. The Dominion has engaged a Frenchman to advise on planning Ottawa.

Canadians do not lose when experts from outside are engaged for specific work. They always have to work with Canadian assistants and Canadians in making their studies. They present their reports to Canadian executives and administrators. The Canadians who work alongside of them learn something of the best practices and techniques in the field represented. In time a group of Canadian experts in the same field is built up.

Whenever Canadian technicians are competent they should always be engaged. But in a small country, where the limited opportunity for specialization makes it necessary for most people to be "jacks-of-all-trades," it is inevitable that outside advice should from time to time be sought on particularly difficult problems.

The criticism of Ontario's Hydro system for engaging American authorities to advise it on problems that call for a very particular kind of knowledge and experience is most unfortunate because it is an appeal to narrow prejudice.

Crisis After Crisis, But No War

EVERY few weeks, something happens in Europe that enables foreign correspondents to cable their papers "Europe stood on the brink of war today . . ." or "The most acute crisis since 1914 loomed this evening . . .," etc.

Crisis after crisis has come and gone without producing the major continental conflagration that the excited correspondents have over and over again promised their readers.

Truly well-informed observers, returning from Europe, make the positive assertion that in high official circles in all countries war is considered as unlikely during the next few years.

What is the significance of this seeming paradox of crisis and peace lying down together? It is that no nation in Europe wants war; every nation in Europe fears the consequences of war. Therefore with the real will-to-war lacking, it is possible for the "bad boys" of diplomacy to go further in mischief-making than they would dare to go if the nations were ready and willing to take up arms to punish them.

It is possible in Europe today to bluff to the very edge of war without precipitating any more than a newspaper crisis.

The true danger is that some day some nation may carry its bluff too far. Then the war might come without warning.

War is feared, even by the potential war-makers, because no one can foresee the social and political consequences of the next struggle.

In the past, wars have been fought between nations. They have been struggles between vertical combinations of all classes in society. The aristocrat and the millionaire have joined themselves with the farmer and the laborer to meet a common foe.

The next war may start that way but it is likely to end up by being a war between the classes. The "proletariat" of different countries will join in a common revolt against propertied classes everywhere. Communism and Fascism may prove more effective rallying points than any spirit of nationalism. The "little world war" in Spain, which is no longer a civil war but a class war in which citizens of all countries have enthusiastically engaged as the dupes of this "ism" or that provides the pattern for the world war of the future.

No government, no dictator, no parliament can be sure of survival in such a struggle.

In the meantime, Britain's rearmament programme is proceeding rapidly and is becoming a daily increasing safeguard of peace. But there is a limit to the effectiveness of arms as a guarantor against war. The danger of war can be effaced entirely only by removing the potential causes of war. These causes are today largely economic.

Increased international trading, a rebuilt monetary system, redistribution of gold, freer access to raw materials—these are the only foundations upon which a structure of enduring peace can be erected.

Give the world half a century of peace, and science will combine with business genius so to raise the standards of living of all classes of people that the basis of class struggle will vanish as a social anachronism.

Chamberlain Points the Way

WHEN the Rowell Commission looks outside Canada for ways and means of handling complex problems of provincial and municipal finance, it might well investigate the work done some years ago in England by the Rt. Hon. Neville Chamberlain, now Prime Minister.

As Minister of Health in the Baldwin Government of 1930, Neville Chamberlain put through legislation which greatly reduced local taxation on industry and went far toward equalizing relief and taxation burdens on individual municipalities.

One principle he laid down was recognition of the inability of municipalities to shoulder the burden of relief. He greatly increased grants from the national exchequer for this purpose and made equally generous contributions toward housing. He also put through a rating and valuation act which greatly reduced local taxation on industry. Losses to municipalities were made good by the national exchequer. The object of this latter act was to equalize industrial opportunity between the various centres and prevent cities in depressed areas from being pushed lower because of their need for high taxes.

Yet in all these and related matters, Chamberlain held to the theory that in local affairs nothing can compensate for local administration. He believed municipal authorities ought to be able to provide more efficient machinery than could be created by a national government.

Another Chamberlain principle was the application of the "means" or "need" test in respect of unemployment relief. In this he laid down the principle clearly enunciated in Canada a few weeks ago in the interim report of the National Employment Commission, namely, that relief payments should be placed on a basis of demonstrated need. Despite political pressure and criticism this principle has stood the test of time in Great Britain and has brought order and financial stability out of chaos.

There are many things in the Chamberlain policies which might well be studied by the Rowell Commission.

Editorials in Brief

The League of Hallucinations is the new name coined by witty Lord Hewart of Bury for a certain organization with headquarters at Geneva, Switzerland.

• • •

Stenographic transcription of the phrase "the company is in receivership" concerning Abitibi Power and Paper Co. reads: "The company is in redeemership." Doubtless the investor will hope the typist is correct.

• • •

Bargain Days are here for Ontario motorists. Not only are they getting a $5 reduction in the cost of their 1938 markers but they may purchase them on or after Sept. 21 and thus save the cost of a new marker if they purchase a new car between now and the end of the year.

Then too, the new markers will be good until Mar. 31, 1939—the new closing date of the provincial fiscal year.

Conservative leader Earl Rowe says it's election bribery; Prime Minister Hepburn says it's the fruit of sound fiscal policy.

• • •

Premier Hepburn showed poor judgment recently when he announced in an election speech that his Government would collect $3,500,000 in back succession duties from the J. R. Booth estate. A subsequent statement from C. Jackson Booth, one of the executors, says no demand or claim has been made on the estate to date and that "We are entirely in the dark as to the grounds on which the Government's claims are based." The estate was settled in 1927 but has subsequently been reopened by provincial officials.

A claim for succession duties is a matter which should be pursued as a civil action in the courts rather than made a political football in this way. Such statements by the Prime Minister of the province tend to put the Government in the position where it has to get the money to justify the accusation.

At least there should be formal notification of such action by the Government rather than an open statement such as this on a political platform.

Sayings of the Week

"Peoples who live in want and misery come to hold life cheaply and stand ready to gamble on the laws of force in international affairs."—*Cordell Hull.*

• • •

"The one and only bridge between hatred and goodwill is understanding." — *Prime Minister Mackenzie King.*

• • •

"Industry regulated will shrink. Industry fettered will get dusty. Industry tied like Gulliver with a thousand strings will be retarded in growth and development."—*William S. Knudsen.*

• • •

"Common sense demands that rearmament cannot wait the advent of a Labor Government." —*Sir Walter Citrine, General Secretary, Trade Union Congress of Great Britain.*

—Cartoon by Grassick.

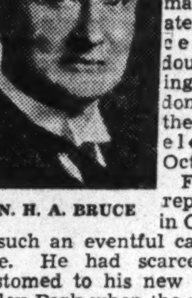
COL. DREW: "The purpose of the present campaign seems to be to pin as many millionaires as possible on the political donkey of the other side."

Post-Scripts . . . .

Chorley Park

Besides a provincial election, Ontario is speculating about its next lieutenant-governor.

The incumbency of the Hon. Dr. Herbert Bruce is due to come to an end officially on Oct. 25. Whether a new appointment will be made immediately is not yet certain. Undoubtedly nothing will be done until after the provincial election on Oct. 6.



HON. H. A. BRUCE

Few King's representatives in Ontario have had such an eventful career as Dr. Bruce. He had scarcely become accustomed to his new quarters at Chorley Park when the present premier, Mitchell F. Hepburn, started hurling threats and maledictions at him from provincial hustings. One of the Liberal leader's main election planks at that time was his assertion that as soon as he was elected he would close the big luxury living-place in Toronto's Don Valley and thus save taxpayers thousands of dollars annually.

Strangely enough Mr. Hepburn has been premier for over three years and Dr. Bruce still lives at Chorley Park. Mutual admiration and friendliness seem to have replaced mistrust and apprehension.

• • •

Wit and Wisdom

Meanwhile Dr. Bruce has built a wide circle of friends and admirers not only throughout the province, but throughout Canada and the Empire for the way he has graced this high office. His continuous crusade for better housing conditions in Toronto and throughout the province will long be remembered.

An excellent speaker with a ready wit he will also be remembered for his anecdotes and humor.

Typical is the story he told Toronto's Canadian Club shortly after assuming office.

Recounting the first use of chloroform as an anaesthetic for childbirth by Dr. James Simpson, he recalled that this famous doctor was subsequently knighted by Queen Victoria, who took chloroform for the delivery of her seventh child, Prince Leopold.

"It is recorded by Haggard," said Dr. Bruce, "that when this honor was conferred upon Simpson someone suggested as a fitting coat of arms to commemorate this work on the use of chloroform, 'a wee naked bairn' and, underneath, the motto, 'Does your mother know you're out?'"

• • •

President McDonald

The sandy, freckled-face George McDonald who was elected president of the Canadian Chamber of Commerce the other day has two dominant passions apart from accountancy and sound public finance.

One of these is salmon fishing, the other is skiing. Not only has he his own skiing lodge away up in the Laurentians but last year went all the way to Austria to indulge in his favorite sport.

That he is an adept fisherman and ski enthusiast amazes many of his friends because of the unfortunate physical handicap acquired during the war and which has cost him the use of his right arm.

He and his wife have long been familiar and welcome additions to Canadian Chamber of Commerce circles and the present honor of the national presidency comes as a fitting climax to many years of useful service in the Chamber's counsels.

• • •

Ray Lewis in London

The columnist of the Star, Lord Rothermere's London evening paper, spoke of Ray Lewis the other day as "a human dynamo," not a very original title, but one that was aptly applied in this instance. Ray Lewis is the editor of the Canadian Moving Picture Digest, trade paper of the exhibitors. Most notable feature of that sprightly sheet is Miss Lewis's editorial page, which concludes with a picture of a small cherub sitting on a block of ice, followed by the phrase "my tale is told."

Miss Lewis has been in London. Someone told her that "Victoria, the Great," just completed, was a fine picture. She demanded to see it and the producers immediately put on a private view for her; a very private view in fact since she was the only one who attended it. She rewarded Herbert Wilcox, the producer and director, by publicly proclaiming it "the greatest British picture ever made." She says it will make $2 million dollars profit, which is a cheery note at this time when the British film industry is wrapped in gloom. While spending nearly 24 hours a day as an enthusiastic propagandist for British films in Canada, Miss Lewis has outside interests. As Mrs. Joshua Smith she is active in Conservative politics in Toronto and has, once in a while, run for office. Her husband is the well-known portrait painter.

• • •

Homesteader Knowles

If you had tuned in on any Alberta station the other night you would have heard a little autobiography from the lips of Vernon Knowles, former editor of the Toronto Daily Star and now Director of Public Relations for the Canadian Bankers Association.

VERNON KNOWLES

Mr. Knowles is broadcasting some truths about money, credit and banks for the delectation of Albertans. In his maiden speech he told how in 1909 he took up a homestead 70 miles north of Bassano, Alberta, and had to go in by ox team. Drought, a crop failure and typhoid fever drove him from the farm to newspaper work where he started as a reporter first at Prince Albert, then later at Saskatoon, Regina and Winnipeg.

"I do not mention these things by way of boasting," said Mr. Knowles. "It is my hope that I shall be looked upon largely as one of you—as one who knows your hardships from the experiences of a settler, one who has a real, abiding sympathetic understanding of the people of this province."

Mr. Knowles also went to bat for his new job when he pointed out that banking is a full-time job and that "no bank manager or bank executive can do full justice to his work and find time to stump the country with a view to informing the public. So the presenting of our facts simply, freely, plainly and accurately has become my work."

As Others See Us . . . . .

Paish on the West
Manitoba Free Press

A new champion of the interests of western Canada has suddenly appeared in the person of Sir George Paish, one of the leading economists of Great Britain. He writes, for all the world like a hard-bitten western farmer, of the burden of the tariff upon the producers, of their various handicaps and of the need of doing everything possible to improve their economic position. His article, in The Financial Post, of Toronto, sounds like a reproduction of the views that have been expressed, year in, year out, by the Free Press. It is satisfactory to see those views fully endorsed by so eminent an authority. Sir George Paish would, also, like to see Canada go even farther than has been suggested by the Free Press in economic co-operation with other nations. He holds that it would be good for Canada and good for the rest of the world for whom close co-operation is the only way out of their present danger of a complete economic collapse. It was Sir George who confidently foretold the present depression several years before it came.

Editors Look at Alberta
Ottawa Journal

The Financial Post, of Toronto, recently sought the opinions of the sixty weekly newspapers in Alberta on three questions: Had the people of Alberta lost faith in Aberhart? In Social Credit? Would they return Aberhart to office if an election were held soon?

Summarizing the replies, The Post finds it to be the firm conviction of an overwhelming majority of the country editors that if an election were held immediately Aberhart would be re-elected. But the editors agree also that both Aberhart and Social Credit "are now in the down swing of public favor." They see "a chance to get rid of the Social Crediters if opposition forces can be merged into a single unit," and their hopes of such a merger "are pinned on E. L. Gray, Liberal leader."

The Post hears from observers in the principal Alberta cities and towns that there is no longer any substantial part of urban opinion "that retains either faith in Social Credit or respect for the Government," but it realizes elections are decided in the back townships. And we cannot doubt that three-score country editors know pretty well how their fellow-citizens would vote today.

Co-operative Experiment
Maritime Merchant

The Financial Post publishes a review of a book on the co-operative system entitled "England, Cradle of Co-operation," by Sydney R. Elliott. Purporting to be a comprehensive book on the British co-operatives, it seems to be largely a panegyric on co-operation and an abuse of established business.

So it would appear that not only in this country, but even in England the co-operative movement is acquiring the communistic spirit. When the Rochdale weavers started their first co-operative they had no other thought in mind than that they would save for themselves, by conducting a store in which they would be partners, the profits that the shopkeepers they patronized were making. No one can object to that appeal; it is the privilege of any group to open a store and patronize their own store. It is quite a different thing, however, when inviting people to engage in a co-operative enterprise, to appeal to their passions as communists do, calling the shopkeeper from whom they are now buying a thief and a robber and an exploiter of the common people. If a merchant who is so stigmatized were to challenge promoters of co-operation to prove their assertion with respect to his own operations, the co-operators would find themselves in a very awkward position.

We have never felt that there was anything to say against the co-operative principle, although much can be said against the kind of principle involved in some of the utterances of certain exponents of co-operation. Our contention has been that co-operation should be good enough to stand on its own feet.

Planning and Economic Nationalism
Saint John Times-Globe

The Financial Post recently said: "The craze of this generation is for planning; which implies Government control of production and distribution on a national scale. Planning is offered as a substitute for the 'unplanned chaos' of the past. The 'unplanned chaos' was merely the attempt of a liberal-minded world to create, as Prof. Lionel Robbins has put it, 'a framework within which private plans might be harmonized.'"

These observations refer to economics, but economics is now almost inseparable from politics, indeed it has been for some time. The liberal-minded world mentioned is presumably the world that accepts as fundamental the individualism inherent in liberal institutions, upholding every man's liberty to do as he sees it, provided he does not thereby infringe the rights of others to like liberty. Even limited to the individual's economic activities, this, however, implies some regulation by the State. As this regulation increased planning started, and its beginnings were long before this generation.

That this generation has pinned its faith to planning is unfortunately due to a dislocation of the economic system that kept state control within reasonable bounds. That system became vast and complicated. The war administered a severe shock. If one part worked badly all parts felt the strain. There were further demands for State intervention and assistance, and those led logically to increased state control. So State planning became intensified. Governments have been doing the planning and private plans have taken a secondary place. Governments have thus been brought into economic competition with one another. Economic nationalism has been strengthened and international contacts in commerce and finance have become more official and more tied into politics than ever.

StopMe If You've Heard This One . .

Bill Smith, a country shopkeeper, went to the city to buy goods. They were sent immediately, and reached home before he did. When the boxes were delivered, Mrs. Smith, who was keeping the shop, uttered a scream, seized a hatchet, and began frantically to open the largest one.

"What's the matter, Sarah?" said one of the bystanders, who had watched her in amazement.

Pale and faint, Mrs. Smith pointed to an inscription on the box. It read: "Bill inside."

In the Mail . . .

Use of Power

Editor, The Financial Post:

I have just read very complaisantly your article in the editorial of your paper of Sept. 11 entitled "Making Use of Power."

Your paragraph beginning: "There are two ways, etc.," brings the solution without any doubt to our greatest social problem.

I can assure you that more people than you think would welcome this idea, which is the only one to stand any kind of argument.

J. B. ARCHAMBAULT,
Montreal.

Price of Gold

Editor, The Financial Post:

The Financial Post and probably all readers are rightly opposed to the Douglas-Aberhart money lunacy. Are they aware that "Social Credit" and the forced increase of the price of gold are two crows from the same nest?

Both are begotten by the fallacy that governments can create "value" and are half brothers of protectionism. The policy of increasing the price of gold is a misbegotten substitute for the policy of freeing trade from the obstructions of "protective tariffs."

The monetary standard of Britain, Canada and the United States was based for many years on standard weights of standard gold to which weights were given the names pound sterling and dollar. The production cost of fine gold was the standard measure of value. The name in Britain and Canada still has the old significance. The U. S. Congress has reduced the weight of its standard and retains the old name of Dollar.

This "coin clipping" would have normally resulted in the U. S. dollar being at a discount in parity with its weight. To forestall this equitable outcome congress made the Government the sole lawful purchaser and holder of gold in the U. S. That Government buys gold offered with borrowed money, passing out paper nominally multiples of dollars.

Sir George Paish is right in his plea for a return to sanity in money standards. He fears the consequences of the debacle that must follow the eventual stoppage of buying of gold by the U. S. When that happens or even a substantial let up, down will go the price. What then? A whole tome of laws will not keep the price up.

You quote "mining men" as being opposed to a return to the equitable price for gold. Of course they are. They are paying their costs with a 60-cent dollar and receiving $1.40. Would you expect a workman who has been receiving six days pay for 2½ days work to be content with a proposed three or even four days pay for the same work?

Of those you quote only C. H. Carlisle, of The Dominion Bank, seems to sense what is involved in the interfering with the gold standard by the U. S. congress. There is no warranty for confidence that further interference will not occur. The legislation is not permanent, I believe, and again the Government has a wide range for manipulation of the price paid.

A "managed money" is an insane idea.

WILLIAM E. LAIRD,
Portage La Prairie,
Manitoba.

Other People's Views . . . .

The Drought Victims
Saint John Telegraph-Journal

What to do with refugees from the drought areas of Saskatchewan is a live question in British Columbia. A Vancouver alderman estimates that there are 3,000 of them in that city and that many more will arrive. None of them has as yet applied for relief. Some have small resources and they are also finding jobs, but when winter comes relief in some form will be necessary. These people are not likely to go back to Saskatchewan.

While they are a problem for the Dominion The Vancouver Province remarks that they are also a problem for British Columbia. It says: "They are our neighbors. They are our fellow Canadians. They are good people and are capable, once they get on their feet, of making excellent British Columbians. The Provincial Government will have to make some arrangement with the Dominion for the care and rehabilitation of these Saskatchewan refugees. Why should they not be cared for here instead of being shipped back to Saskatchewan? Why can they not be established in this province? We have plenty of land and we could do with more people."

This appears to be a very sensible suggestion. Co-operation between the Dominion and Provincial Governments seems to be the proper solution of the problem. These people are not mendicants. They want to get re-established on a sound basis—and as The Province observes there is room for many more people in the Pacific province.

Calling All Scotsmen
Montreal Gazette

Bagpipes have been officially recognized by the Air Council and pipe bands have been formed at English and Scottish R.A.F. stations, according to the London Morning Post. It is explained that the Air Council's musical director set out to discover what type of music could be heard by flight officers and men after long association with the roar of airplane engines, and as soon as the first drone of the pipes rose, a high officer sprang to his feet and shouted "Contact!" The trials were exhaustive, every conceivable type of musical instrument, from mouth organ to tomtom, having been listened to at different stations. As the R.A.F. men paid no particular attention until the skirl of the bagpipes rent the air, it is apparent that the Scottish musical weapon is the very thing for men used to the droning roar of plane engines. The aviators' ears being attuned to engine music, the beautiful notes of the pipes doubtless were "like home" to them. Every soldier knows that bagpipes are fine things to march to, and it may be that they likewise are eminently suitable for air servicemen. In any event, they have been recognized by the Air Council, and despite what their unappreciative detractors may say about them, they promise to be heard in the land more often and for a long time to come.

Week in Business

Fall Buying Starting But Trend Indefinite

Canadian Situation Spotty and Cautious — Is Stock Market Right or Wrong? — Testing Time for Higher Prices

Fall revival in retail trade now appears to be getting under way in Canada. The movement is a little later than usual and not pronounced enough yet to indicate how it will compare with a year ago.

In the Maritime Provinces buying is reported at a satisfactory level with some improvement over the very good showing of 1936.

Led by newsprint general business is much better in Quebec. Infantile paralysis, which has delayed school opening, hit theatre and other amusement industries and restricted retail purchases is still seriously hampering Ontario.

In the West the new wheat crop this week begins to swell purchasing power in Manitoba and a large section of Alberta. Prospects point to one of the best selling seasons since 1929. Saskatchewan, with practically no wheat crop, however, is tightening its belt for another year, though farm revenue from late crops, poultry and dairying is expected to show improvement. British Columbia in the past year has led all Canada in speed of recovery but is now marking time until export lumbering outlook and Oriental situation are clarified.

* * * *

Fifty per cent of the time the stock market has been wrong as a barometer of business, maintains Business Week of New York. It states:

"For years, by tradition, the stock market has been regarded as a barometer of business. Rare forecasting virtues have been assigned to it by businessmen. Yet half the time, on major movements, the market has proved to be a false prophet. In November, 1923, stocks made a false start up, while business was going down; then after making a double top in January and February, stocks reversed themselves and gave a correct signal in June for the business rise into the tremendous twenties. Sometimes the market ignores business, as from October, 1926, to December, 1927. With fine careless rapture, stocks shot up, regardless of the business recession. Most glaring failure to prophesy correctly was in 1929. Business definitely turned down in July; but stocks waited until September. And now, the big question is: what does the recent break in stocks imply? Is the market playing business true, or false?"

* * * *

Higher prices for clothing, furniture, household appliances, hardware and other such permanent and semi-permanent goods are going to have their real test within the next few weeks. While in many cases prices were marked up some months ago following a sharp rise in commodities the advance was made at the tail-end of the season and there would be little check on buying.

But now with the approach of winter, when the average consumer naturally stocks up with new clothing and furnishings, it will soon be apparent whether he is willing to buy as freely as ever. More employment and higher wages, in some cases made possible by the price rise itself, will undoubtedly help break down any sales resistance. Fortunately the sharp break in commodities this summer prevented finished materials prices from getting out of line and may even permit some paring down from present levels if such a step becomes necessary.

Business Indicators

Railway statistics are now beginning to indicate the cost to Canada of the small current wheat crop. Carloadings for the second week in September show a small drop from the corresponding period of a year ago, the first decline of this kind to be registered in many months. C. N. R. gross gain is less than has been registered recently, while that of the C. P. R. again shows a drop.

Business index—That of the Dominion Bureau of Statistics for mid-September shows decline from 1936, but The Financial Post Index conceded a more representative of business activities and less of speculative stock transactions, recorded another gain in August.

Steel and Iron production for August shows large advance over a year ago and cumulative for year also far ahead.

Motors—Factory output cars and trucks and also exports much higher in August this year than 1936.

Coal imports in July and cumulative for first seven months considerably in excess of last year, indicating activity in manufacturing.

Trade figures for August continue to increase lead over 1936 which in exports alone now amounts to a gain of over $125 millions.

Cigarette consumption in August amounted to nearly 665 millions, bringing cumulative lead for year up to nearly 25%.

Current trend in Canadian business is shown by The Financial Post's index of business activity, with new figures for the week marked thus▲:

	Latest 1937	Latest 1936	Jan. 1 to date 1937	Jan. 1 to date 1936
Transportation—				
Car loadings, week (Sept. 11)	▲54,849	58,512	1,762,006	1,616,617
C.N.R. gr. earn., wk. (Sept. 14)	$ ▲4,149,716	$ 4,145,164	$ 136,034,071	$ 121,039,635
C.P.R. gr. earn., wk. (Sept. 14)	$ ▲3,233,000	$ 3,281,000	$ 96,965,000	$ 92,003,000
C.P.R. net revenue (July)	$ 1,095,460	$ 979,099	$ 9,355,614	$ 7,770,100
C.N.R. net revenue (July)	$ 958,899	$ 87,204	$ 7,626,847	$ 2,562,243
Business Conditions—				
Weekly index, D.B.S. (Sept. 11)	▲113.9	115.1	......	......
Financial Post index (August)	▲124.9	112.2	......	......
Iron and Steel (August)				
Pig iron production (tons)	▲74,578	38,570	578,258	413,893
Steel ingots and castings prod. (tons)	▲126,695	80,164	962,840	727,657
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (July)	8,643	6,596	86,995	66,461
Factory output (August)	▲5,814	3,051	115,890	97,607
Trucks and Buses:				
Domestic sales* (July)	3,058	1,690	21,462	15,205
Factory output (August)	▲4,928	1,609	41,364	23,476
Exports (August)	▲8,802	3,449	51,416	40,263
Financing (July):				
Used	$ 3,917,629	$ 2,696,934	$ 23,023,973	$ 16,489,981
New	$ 4,398,290	$ 3,074,640	$ 28,004,074	$ 20,631,549
Construction—				
Cons. contracts (Aug.)	$ 24,830,800	$ 15,536,100	$ 156,691,900	$ 111,113,100
Production (June)—				
Cement, bbls.	753,000	559,000	2,090,323	1,629,620
Gypsum, tons	162,000	136,000	377,930	265,734
Clay	$ 486,000	$ 344,000	$ 1,596,631	$ 1,260,700
Agriculture—				
Flour prod., bbls. (July)	1,087,159	1,300,667	7,146,758	7,828,026
Flour exp., bbls. (August)	288,608	387,728	2,700,279	3,123,804
Wheat exp., bus. (August)	6,544,967	21,157,268	58,871,691	141,666,362
Cattle sales (July)	99,080	60,855	464,533	454,705
Hog sales (July)	73,276	66,345	597,087	524,590
Newsprint (tons)—				
Production (August)	318,713	270,053	2,416,016	2,033,943
Exports, tons (August)	▲283,128	257,576	2,219,873	1,851,919
Mining—				
Coal prod., tons (June)	1,063,865	1,037,700	6,994,251	6,885,469
Coal imports, tons (July)	▲1,886,445	1,416,455	8,134,431	6,442,683
Gold prod., fine oz. (June)	344,895	316,670	1,973,251	1,767,509
Nickel prod., lb. (June)	20,960,000	14,070,000	111,386,601	82,774,668
Copper prod., lb. (June)	42,549,292	31,421,070	243,604,966	205,637,311
Employment D.B.S. Index (Aug. 1)—				
All industries	120.0	105.6	......	......
Manufacturing	118.1	104.9	......	......
Electric Power Output (July):				
Total monthly m.k.h.†	2,188,055	2,021,147	15,944,187	14,463,233
Trade (July)—				
Retail trade (index no. of sales)	77.8	71.9	......	......
Wholesale trade (July)	8.2	......	......	......
Dept. store sales (June)•	81.5	75.7	......	......
C'try gen. store sales (June)•	8.6	......	......	......
Imports (July)	$ 71,995,940	$ 53,820,904	$ 452,811,629	$ 347,625,647
Exports (August)	$ ▲103,338,590	$ 93,529,756	$ 729,288,461	$ 603,043,991
Other Industrial Factors—				
Dressed lumber exp.:				
M. bd. ft. (August)	▲170,017	168,440	1,203,892	1,046,385
Boot & shoe prod., pr. (July)	2,055,533	1,666,578	14,538,744	12,708,662
Crude petrol., imp. gal. (July)	164,723,274	121,335,556	667,472,830	598,785,080
Cotton imports, lb. (July)	12,324,000	5,818,000	92,394,608	75,437,684
Raw rubber imp., lb. (July)	4,359,000	5,095,000	37,590,412	29,306,377
Cigarette cons. (Aug.) No.†	▲663,969	524,978	4,374,148	3,566,693
Sugar (lb.)—				
Melting & sales§ (raw)	98,769,349	96,510,220	453,006,321	498,130,110
Manufactured§	92,364,014	93,841,054	435,152,152	480,920,602
Finance—				
Bank debits (July)†	$ 2,720,738	$ 2,893,658	$ 20,906,745	$ 20,140,510
Bond sales (July)	$ 109,639,875	$ 68,385,553	$ 810,912,565	$ 822,627,040
Life insurance (Aug.)	$ ▲23,274,000	$ 23,547,000	$ 253,374,000	$ 236,210,000

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For 4 weeks to July 17.
•Percentage increase over last year.

Newsprint Export

From Our Own Correspondent

MONTREAL. — Newfoundland's exports of newsprint during August, at 49,664 tons, reached an all-time high, and compared with 21,717 tons for the same month last year.

No particular reason is ascribed for this remarkable increase, other than the operators were accumulating stocks owing to the scarcity of shipping.

The WESTERN SAVINGS and LOAN ASSOCIATION
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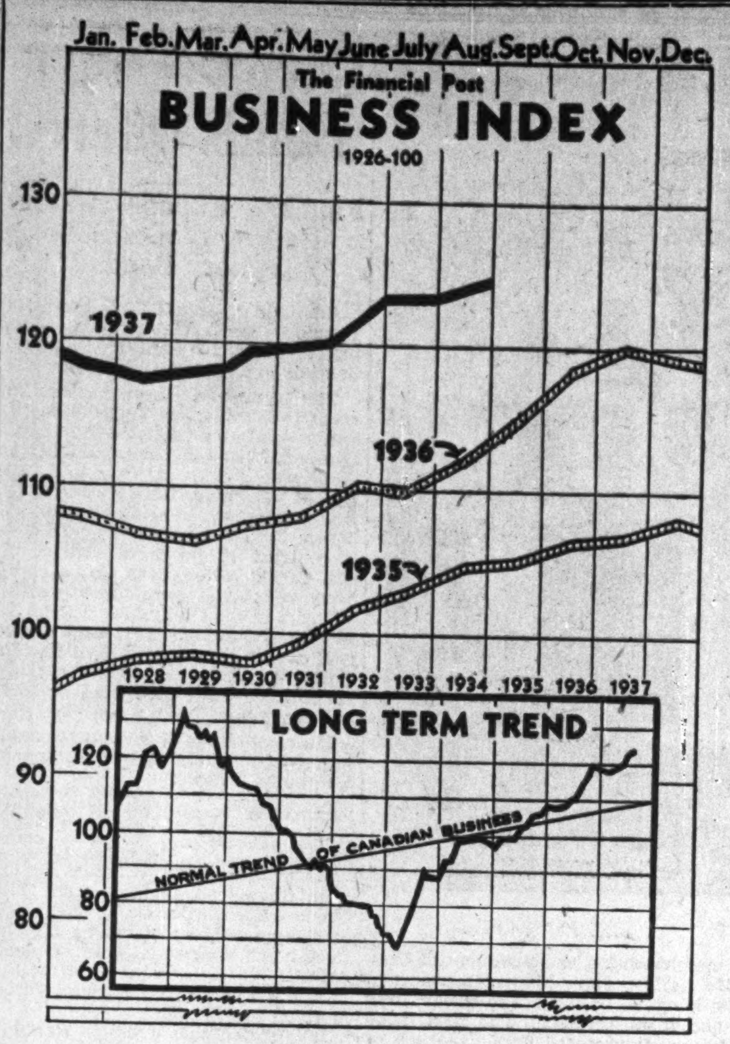
BUTLER BYERS BROS. LTD., Saskatoon, Sask.
McCALLUM-HILL AND COMPANY, LIMITED, Regina, Sask.
J. K. RINGLAND & COMPANY, LIMITED, Herald Building, Lethbridge.



BEST LEVEL SINCE 1929

While lacking spectacular developments Canadian business is closing the third quarter of the year with the general level higher than at any time since 1929. The Financial Post index based on average activity of a wide range of representative business factors climbed to 124.9 in August, a gain of over a point for the month and more than 12 points for the year. Mineral production and exports, pulp and paper production and total Canadian exports of over $100 millions for the fourth consecutive month were features of August business which is tabulated below:

	August 1937	August 1936	July 1937	Increase or Decrease August 1937-1936
Financial Post business index	124.9	112.2	123.8	+ 11.3
Wholesale prices	85.6	76.1	87.5	+ 12.5
Common stock prices	135.2	114.7	133.0	+ 17.9
Inverted index of Dom. bond yields	146.8	158.2	144.9	— 7.2
Bank deposits	119.4	112.3	120.3	+ 6.3
Carloadings, number	231,038	222,019	219,290	+ 4.1
Exports, $	103,338,590	93,529,756	100,142,396	+ 10.5
Mineral production				
Copper exports, cwt.	396,057	393,088	434,710	+ 0.8
Nickel exports, cwt.	215,743	118,526	175,015	+ 82.0
Zinc exports, cwt.	375,730	498,182	403,017	— 24.6
Gold shipments, fine oz.	358,767	317,931	327,885	+ 12.8
Silver shipments, fine oz.	2,321,881	2,032,844	1,853,244	+ 14.2
Manufacturing production				
Cattle slaughterings, number	149,526	129,147	136,732	+ 15.8
Hog slaughterings, number	213,761	232,050	243,160	— 7.9
Creamery butter production, lb.	31,536,918	31,200,033	35,731,659	+ 1.1
Factory cheese production, lb.	21,661,028	19,190,409	24,634,633	+ 12.9
Newsprint production, tons	318,713	270,053	314,529	+ 18.0
Wood pulp exports, cwt.	1,394,414	1,406,424	1,443,302	— 0.7
Shingles exported, squares	223,323	234,537	183,009	— 4.8
Exports of planks and boards, ft.	170,017,000	168,440,000	171,241,000	+ 0.9
Steel ingot production, tons	126,695	80,164	122,968	+ 58.0
Pig iron production, tons	74,578	38,570	79,736	+ 93.4
Automobile production, number	10,742	4,660	17,941	+130.5
Construction				
Contracts awarded, $	24,830,800	15,536,100	21,485,300	+ 59.8
Building permits, $	4,216,310	3,673,455	5,473,852	+ 14.8

Background of Business

Buy More from U. S.

While total Canadian imports for the first four months of the current fiscal year showed general gains, the increase from foreign countries and particularly United States was easily the most outstanding. There was a rise in American imports of 38% or $46.8 millions to $170.1 millions. This increase was almost equal to the total gain of $51.6 millions from all foreign countries combined. During the same period the gain in imports from Empire countries amounted to 25% or almost $17 millions.

Total Canadian imports for the four months ending July amounted to well over $280 millions as against $213 millions for the corresponding period of 1936. In addition to the big increase in imports from United States notable gains were also reported in goods from South Africa, Argentina, Belgium, Italy, New Zealand and the United Kingdom.

* * *

Empire Trade Maintained

While United Kingdom imports for the first half of 1937 rose almost 20% over the previous year there was practically no change in the proportion of trade from Empire countries. This remains slightly over 40%. Total exports showed an increase of approximately 25% in the six-month period, but volume of £251 millions was very far below total imports of £483 millions.

When Empire figures are broken down, however, they show a very considerable increase in the proportion enjoyed by Canada. The latter's ratio of slightly under 32% of total Empire imports for the first half of 1936 has been increased to almost 40%. During the same period British exports to Canada advanced from 11% to almost 14%.

* * *

Lumber Exports

Up to the end of July there was a substantial increase in Canadian exports of lumber. The United Kingdom took 550 million board feet in the first seven months of 1937 as compared with 375 million during the same period of 1936. Gain in exports to United States was not as large being only 14 million to a total of 328 millions. There was a slight falling off in Douglas fir and pine to United States and a sharp decrease in hemlock but all other lines notably spruce and cedar were up. To the United Kingdom there was an increase in all lines and particularly so in Douglas fir, spruce, hemlock and birch.

* * *

Cut Ontario Motor Tax

Those Ontario motorists who get their 1938 license plates early will have no more expense of this kind during the whole of next year. The Provincial Government announces change in its motor license year to coincide with its fiscal year which ends March 31. Therefore the life of the 1938 licenses is being extended to the end of March, 1939. Incidentally, these licenses are now on sale throughout the province in order to be available for the new 1938 model motor cars coming out this fall. The new markers in orange and blue cost $5 less than previously. While no complaints have been heard from motorists regarding the reduction, some early reactions to the color scheme have been unfavorable. Visibility of the new lettering is distinctly more limited than with current markers.

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THE CANADA PERMANENT TRUST COMPANY
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Vigilance Cuts Short Weights To 25 P.C.

Merchant More Likely to Cheat Himself Than Customer

From Our Own Correspondent

OTTAWA.—When Mrs. Canada walks into a store to make a purchase—or sends one of her children down to the corner grocery for five pounds of sugar and a pound of rice—what are her chances of receiving short weight from the clerk behind the scales?

Answer: Less than her chances of receiving over weight.

Strange as it may seem, Canadian business, in its dealings with the public, cheats itself more often than it does its customers in the matter of weights and measurements.

This fact is disclosed in the annual report of the federal department of weights and measures, just made public here by Hon. W. D. Euler, minister of trade and commerce.

The Check-Up

Plainclothes officers of the federal department of weights and measures, the report explains, are continually making the rounds of Canadian retail business in their mission of protecting the public. No establishment knows when it is to be visited. Nor will it recognize the officers when they come. For their practice is not to display any official badge of authority, but simply to pose as ordinary customers, make an apparently routine purchase—and depart with it to check its weight or measurement by their own mathematically correct scales and instruments.

Following this practice in the past year, the federal officers made 13,471 purchases. Of this total 5,887 were correct in weight and measurement. Some 3,307 were short. But 4,217 were over. In terms of percentages, 43.7 of the purchases were weighed and measured accurately; 25% represented short weight or measurement; and 31.3 were over weight or overly generous in their measurement.

Recent Reform

It was not always thus. The anxiety of the merchant to be on the generous side toward the customer is the result of a healthy respect for the penalties for short weight and measurement which the intensive activities of the federal department have instilled.

Actually, as recently as a year ago, the purchaser was getting the worst of weight and measure transactions, although not by any great margin. At that time, 6,183 purchases showed 2,756 to be accurately weighed and measured, 1,936 to be short, and only 1,491 to be over. In other words, 44% of the purchases were correct, 32% were below standard, and only 24% were over.

It was in the light of this situation that the federal officials intensified their activities. Unheralded purchases made in stores all across the Dominion during the past year have been more than double those of the year before—13,471 as against 6,183. The anxiety of the trading community lest it be detected in giving short weight or measurement and be penalized accordingly, has increased, consequently, to the point at which the chances are now in favor of the purchaser getting a little more, rather than a little less than he pays for.

Foreign Business

United States Department of Commerce reviews foreign business as follows:

Japan—Business outwardly calm in spite of uncertainty over stricter state control and increase in deficit bonds; strict curtailment of raw cotton and wool imports is reported unofficially; August foreign trade showed growth in considerable adverse balance as against a favorable balance of last year.

China—No revival of business has occurred in the Shanghai area and the effects of the military situation on trade and industry have become more devastating; many industrial plants have been entirely destroyed.

Hawaii—Gains were made in practically all lines during August, the outstanding factors being retail-trade improvement, increases in new construction, expansion in real-estate transactions, and heavy shipments of pineapple products.

Austria—Industrial production index reaches new high with the greatest improvement in iron and steel, paper and lumber; foreign trade is active and shows a diminution of the import excess.

Hungary—Business gained substantially during the second quarter of 1937, although the expansion of industry has slowed down to some extent; the supply of free foreign exchange has improved and favorable trade balances have been recorded with a large number of countries.

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September Bond Letter

In addition to a selected list of security offerings, the September Bond Letter includes a comparison of 1937 Canadian business indices to date with those of 1936. Write for a copy.

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HOPE CHESTS

—for husbands

REMEMBER the hope chest of grandmother's day? In it the daughter of the house put away linens and finery, trusting they would some day go into the "home of her hopes." According to tradition, the bride who made everything with her own hands earned everlasting happiness.

Every husband should have a "hope chest," too, for the sake of the happiness and safety of his wife and children. In this prized "chest"—his strongbox—he will place his life insurance policies, planned to afford protection and genuine security to the family, even if something should happen to him.

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Construction

Canadian Power Firms to Spend $45 Millions to Expand Systems

Quebec Companies in Lead in Capital Programmes for 1937-38

From Our Own Correspondent

MONTREAL.—Capital outlay by the major Canadian power systems for the current year will aggregate about $20 millions.

Work actually planned and to be completed in the next year or two, totals another $25 millions.

Further, another $10 millions will be spent next year on at present unplanned but anticipated transmission and distribution line work.

These returns, gathered by The Financial Post, from 17 major power systems in all parts of the country, give a cross-picture of the continued expansion of the power industry in order to meet the constantly growing demand for electrical service from industry, commerce and the domestic user.

By provinces* this expenditure is roughly divided as follows:

Nova Scotia	$ 1,727,000
New Brunswick	350,000
Quebec	28,575,000
Ontario	11,745,000
Prairies	129,000
B. C.	1,500,000

These returns do not pretend to give a complete coverage of the industry. On the other hand, they represent at least 80% of the new capital expenditure.

Money For New Plants

As will be noted in the accompanying table a fairly large proportion of the planned capital outlay covers new developments. Shawinigan Water and Power Co. and Brown Corp. are jointly carrying out a $15 millions plant development at La Tuque, P.Q., which will take at least two years to complete.

Quebec Power Board has $10 millions to spend on establishing a supply of power in certain districts of the province which are at present without electrical energy. Plans for this work at present are somewhat indefinite but it is likely that active steps will be taken by the spring of next year to implement the Government's policy.

Ontario Hydro, B. C. Power, Nova Scotia Power Commission, New Brunswick Power Commission, Seaboard Power and Saguenay Power are all extending their plant equipment.

With hardly an exception all of the companies listed are expanding their systems in order to open up new territories. Along these lines Ontario Hydro is spending $6 millions this year. Canada Northern's outlay totals $1,145,000; Montreal Power, $300,000; Nova Scotia Power Commission, $1 million; and Gatineau Power $75,000.

Millions for Power

Company	Capital Outlay $	Remarks
Shawinigan	750,000	Sub station at Three Rivers
St. Maurice Power*	15,000,000	Plant of 150,000 h.p. at La Tuque, P.Q.
Quebec Power Board	10,000,000	Not allocated; to be used in setting up Provincial Hydro.
Saguenay Power	450,000	Isle Maligne Unit.
Seaboard Power	300,000	Steam generator 7,500 kw.
B. C. Power	1,500,000	47,000 h.p. unit.
Montreal Power	300,000	Sub station; distribution lines.
N. S. Power Board	1,360,000	5,200 h.p. unit on Mersey River
Ontario Paper	2,000,000	Balance of expenditure on power plant at Outardes Falls.
Canada Northern	1,145,000	Distribution lines.
Ontario Hydro	1,600,000	New plant developments.
	2,500,000	Transmission lines.
	3,500,000	Rural and distribution feeders.
	3,000,000	Transformer stations.
Gatineau Power	75,000	Distribution lines.
N. B. Power Board	350,000	$75,000 on plant; balance distribution.
Eastern Light	67,000	Distribution lines.
Dominion Electric	42,000	Distribution and plant.
National Light	87,000	Transmission lines.
West Kootenay	......	Maintenance; charged to current income; no capital outlay.

* Joint undertaking at Shawinigan and Brown Corp. at La Tuque.

New Building

The Daily Commercial News and Building Record reports:

Goodyear Tire and Rubber Co. of Canada, Bowmanville, Ont.; bulk contract awarded for three new buildings and improvements, $250,000.

Trenco Manufacturing Co. (Canada), Toronto; preparing plans for addition to paints, varnishes, plastics and waterproofing plant at Leaside, near Toronto.

F. W. Woolworth Co., Cornwall, Ont.; additions and store modernization, $15,000.

Andrew Jergens and Co., Perth, Ont.; new office building.

Viceroy Manufacturing Co. Ltd., Toronto, proposed office and manufacturing addition to present plant.

Hinde and Dauch Paper Co. of Canada, Toronto, proposed brick addition to plant, estimated $16,000.

Scottish Co-operative Wholesale Society, Winnipeg; grain elevator, $18,000.

Belding-Corticelli Ltd., Montreal; alterations to textile mill, $9,000.

Can. Dredge Gets Contract

Toronto Airport Dredging Work to Cost $300,000

Canadian Dredge & Dock Co. has obtained a contract of approximately $300,000 for dredging 1,800,000 yards for the new airport site on the Toronto waterfront. It is understood that part of the work is being sublet but that most will be done by Canadian Dredge & Dock. The Toronto Harbor Commission wishes to complete the work as soon as possible and dredging has already started. The contract may therefore be reflected in Canadian Dredge earnings for this year.

The dredging includes 600,000 yards on the exposed lake front and 1,200,000 yards inside the harbor and lagoons. Possibility of bad weather in Lake Ontario hindering work leads to the desire for rapid completion of the job.

Early this year, Canadian Dredge had over $1 million of work on hand for 1937, part being carried over from contracts not completed in 1936. Earnings in 11 months of 1936 amount to $2.12 a share compared with $5.02 a share in the preceding year. An increase is expected for 1937.

Construction World

H.I.P. Loans Grow

Close to $15 millions will be loaned in Home Improvement Loans this year if the trend of the last five months is continued. Since April loans under this scheme of the National Employment Commission have averaged over a million dollars a month or approximately one-fifth of the total of new residential building in Canada. To Sept. 15 over $9.2 millions has been borrowed for the purchase of improving residential real estate. While the scheme became operative last November it really did not assume any importance until well on to the current year.

So far Ontario is the largest borrower with a total of almost $3.8 millions up to the middle of September. Quebec comes second with $1.8 million. While loans have been made in every province the only other important borrowers have been Alberta and British Columbia with approximately $850,000 apiece, Nova Scotia with $622,000 and Manitoba with $579,000.

• • •

U. S. Plant Building

A hopeful note for the Canadian construction industry is struck by the report on factory construction contracts in the United States for the first eight months of 1937. The New York Times interprets this report as showing construction and modernization of industrial plants setting the fastest pace seen since 1929. A survey of 37 states shows the total value of contracts to the end of August more than double the figure for the same period last year. The increase is attributed mainly to major expansion programmes with projects totalling $2 millions or more and with the primary industries such as iron and steel, pulp and paper leading the way.

Since Canadian construction, in the main, follows the American industry in its ups and downs, the increase south of the border may hold some significance in the outlook for the next six months. Adding strength to this view are surveys of expansion and rehabilitation plans in the power and pulp and paper industries in Canada published elsewhere in this issue.

Anglo-Canadian Profits Increase

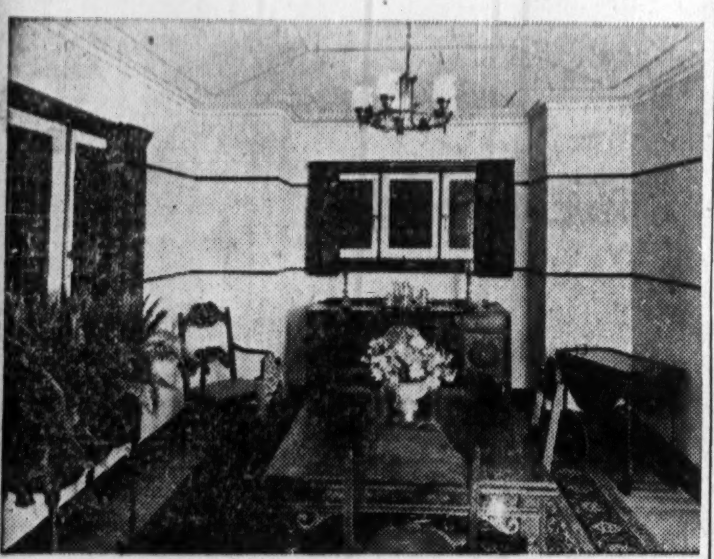
Net Income of Telephone Investment Corp. Jumps 40%

From Our Own Correspondent

MONTREAL. — Anglo-Canadian Telephone Co. reports net earnings of $316,798 available for dividends for the seven months ended July 31, 1937. This compares with $310,911 in the corresponding period of last year. Improvement is attributable to an increase in gross revenue from subsidiaries, coupled with a decline in operating expenses.

The company's principal subsidiary, the British Columbia Telephone Co., has recorded a substantial increase in net income during the first seven months of the current year.

Telephone Investment Corp., which controls the principal telephone system in the Philippine Islands and in which Anglo-Canadian has a large investment, reports an increase in net income available for dividends of over 40% for the first six months of the current year.



WE SAVED UP TO 30% ON FUEL COSTS

"... naturally, we were delighted with the beauty TEN/TEST added to our home. But the money we saved in fuel was the surprise to us. In our first winter we used 2½ less tons of coal than we burned at the old house last year."

TEN/TEST Insulating Board keeps saving fuel costs year after year. It's *permanent*, rigid construction. Easy to apply. Cannot rot. Draft-proof. Weather-proof. And gives an assured degree of insulation.

YES—you use less fuel, often up to ⅓ less, when you insulate with TEN/TEST. For TEN/TEST is permanent insulation. It's rigid. Strong. Unlike some forms of insulation it can't *settle* away from the frame-work. It won't slump in corners of door or window-frames. TEN/TEST stays put. It lasts!.

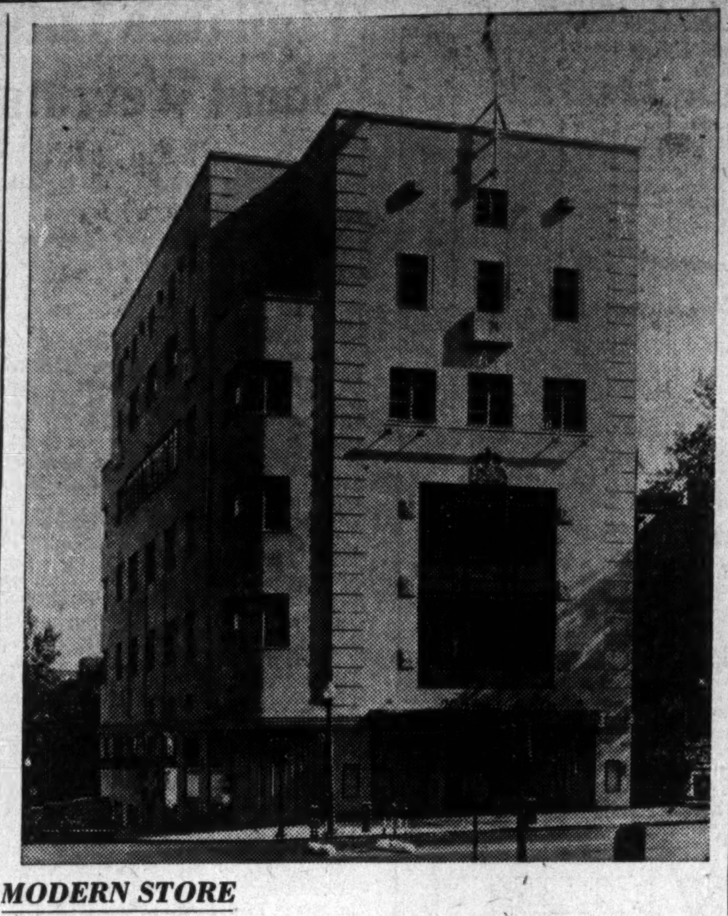
It literally *seals* your house. Biting winter cold hasn't a chance to penetrate. The hot summer sun can't seep in. That's why a TEN/TEST house is warmer in winter — cooler in summer.

But TEN/TEST not only makes a more comfortable house. It makes a house more livable as well. Walls take on a new beauty. Odd spaces become useful spaces. It converts bleak attics into cheery, extra bed-rooms — basements into playrooms or hobby shops.

So whether you're building a new house or remodelling your present one, be wise and investigate TEN/TEST. Study the fuel costs it saves you, the permanence it gives, the beauty it adds to your home. Consult your lumber dealer about TEN/TEST. And write today for the TEN/TEST Book.

INTERNATIONAL FIBRE BOARD LIMITED
OTTAWA - - ONTARIO

TEN-TEST
THE *Lifetime* INSULATING BOARD



MODERN STORE

Shown above is the new six-story merchandising establishment of Holt, Renfrew & Co. at Sherbrooke and Mountain Streets, Montreal, conceded to be one of the most modern store buildings in Canada. The upper three floors are reserved for fur storage and manufacturing. The first three floors, accessible to the shopping public, are decorated with panelling of rare woods.

New Transmitters Mark Opening of Modern Era In Canada's Broadcast

50,000-watt Stations at Hornby and Verchères Will Introduce New Principle in Radio Engineering

With two new 50,000-watt radio transmitters in construction at Hornby, outside Toronto, and Verchères, outside Montreal, Canadian radio enters a new era.

Superior broadcast service in Canada was considered necessary for two reasons. Because of the concentration of Canada's population along the U.S. border and because of high radio development in America, the value of radio as an instrument of national utility and culture would be lost unless Canadians could be induced to listen to Canadian programmes. Secondly, to serve distant rural and mining communities amply, high power transmitters were necessary.

The Hornby and Verchères stations will, it is expected, be in operation before the end of the year. Two other big stations, in the Maritimes and in the West, are planned to follow within a few years.

Radio studios can be left in the heart of great cities. No major changes in the studios either at Montreal or Toronto are planned for the present. But the transmitters must be well away from the disturbing, static-breeding, influence of power lines, electric motors, street cars, washing machines and even radio receiving sets.

After much careful study by radio engineers, Hornby and Verchères locations were selected as most free from interference, best topographically for leaving a minimum of "dead spots" in radio coverage, yet within reasonable distance from the studios. Even after 40 miles on the telephone wires, radio programmes acquire considerable distortion.

New Type Antenna

The type of antenna being used embodies an entirely new principle. The old type was simply a few wires stretched between two or more tall towers.

At Hornby and Verchères, the antenna is a single tower 640 feet high and the transmitter building, housing machinery and operators, forms a component part. Buried in the ground below are more than 19 miles of copper wire, laid out like spokes of a wheel, the tower at the hub. One hundred and twenty of these spokes will each be 600 feet long, with shorter ones placed between each "spoke."

Everything metal in the transmitter building is electrically connected with the ground system. All electrical and radio apparatus, water pipes, conduits, metal window frames — everything metal is grounded.

Without complete grounding, much of the radio energy radiated from the antenna would be lost in the building itself so that a good ground system has the same effect as increasing the power of the station.

To assure continuity of service, all electrical installations in the transmitter building are in duplicate, so that if one fails the other system can be switched in with hardly an interruption in the programme being broadcast.

Power for operating the transmitter roughly equals the amount necessary to run 450 good-sized home electric stoves.

The largest tubes used for radio broadcasting in North America are being installed. They are rated at 100 kilowatts, cooled by circulating distilled water and cost $3,000 each.

The transmitter circuit is separated into several distinct units so that each can be isolated to determine its performance and to protect it from deficiencies in other circuits. Complex instruments on the operating console keep the man on duty advised at all times of conditions on the various circuit units.

Transmitting Fortresses

Hornby and Verchères transmitter stations stand on some 50 acres of land, both isolated from highways, power lines and dwellings.

Control rooms have one entire side of glass brick. Windows in other rooms are steel sash with bars placed so close that vandals cannot crawl through even though the glass be broken.

Feature of the interior decoration is the large conventionalized map of Canada done in colored asphalt tiles on the floor of the control room. Names of cities with radio stations are inlaid. Provision has been made for inlaying additional names as new stations are built.

The building includes in addition to the control room a work shop, tube storage room, offices, staff room, kitchen, toilets and garages.

Ingenious use is made of the heat generated by the great power tubes. These are cooled by distilled water which is circulated through a large fan which directs the warmed air into the interior. In summer the same set of air ducts are used for cooling supplied by washing the air with water from the deep well supplying the whole building.

Providing for increase in airplane traffic, the tall antenna tower has lights at every 100-foot level on every side so as to be fully visible to aviators at night. An aviation beacon is mounted on the top of the tower. These lights will be operated by an electric eye which will switch them on with the approach of darkness.

Pacific Power Bonds Offered

Finance Expansion and Redemption of Subsidiary Bonds

An issue of $300,000 5% bonds of Pacific Power & Water Co. has been offered to finance expansion and redemption of subsidiary bonds.

The company, through wholly-owned subsidiaries, supplies light, water and telephone services at Quesnel, light and power services at Hope, and similar services to a section of Vancouver Island, all in British Columbia. Pacific Power & Water Co. has recently entered into a contract to purchase control of Elk Creek Waterworks Co., a company which has been operating for 33 years in the Chilliwack district of British Columbia. This acquisition will double the operations of Pacific Power & Water Co. Other subsidiaries have been organized in 1929 or later years.

On completion of the new financing, capitalization of the company will be as follows:

	Author.	Outstand.
First mort'ge. bonds	$600,000	$300,000
6% prior preferred	250,000	180,000
7% 2nd preferred	200,000	87,850
Common, n.p.v.	20,000 sh.	18,550 sh.

As at June 30, 1937, after giving effect to the acquisition of the Elk Creek Waterworks Co., current assets were $87,532, including $69,279 in cash, while current liabilities were $12,983. Total book value of assets is $700,000, while replacement value is given as $750,000.

It is stated that average earnings on a consolidated basis for the past ten years have been more than 2.85 times interest requirements on the present issue. For the 12 months ended June 30, 1937, net earnings, after $18,912 for depreciation, were $49,198, more than three times interest requirements of $15,000 on this issue.

Consolidated Net Earnings*
12 Months Ended

Dec. 31, 1927	$32,478	Dec. 31, 1933	$44,120
Dec. 31, 1928	35,226	Dec. 31, 1934	45,679
Dec. 31, 1929	36,608	Dec. 31, 1935	48,947
Dec. 31, 1930	38,925	Dec. 31, 1936	59,318
Dec. 31, 1931	41,235	June 30, 1937	68,110
Dec. 31, 1932	42,499		

*Before provision for interest, depreciation and income taxes.

Officers and directors of Pacific Power & Water Co. are: A. C. R. Yuill, president and consulting engineer; David Grierson, managing director; E. R. Gordon, vice-president; C. S. Wood, E. A. Riddell and W. W. Hutton.

A description of the new bond issue follows:

5% First Mortgage and Collateral Trust Bonds

Dated—Oct. 1, 1937; due—Oct. 1, 1957.

Principal and semi-annual interest (April and Oct 1) payable at any branch in Canada (Yukon territory excepted) of the company's bankers.

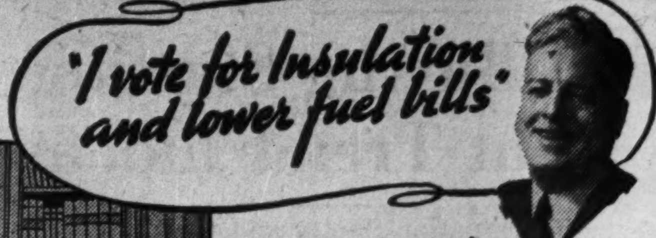
Denominations — Coupon bonds in denominations of $500 and $1,000, registerable as to principal.

Redeemable—At the option of the company on any interest date on 30 days notice at 103 to and including Oct 1, 1942; thereafter at 102 to and including Oct. 1, 1947; thereafter at 101 to and including Oct. 1, 1952; thereafter at par; in each case with accrued interest to date of redemption.

Trustee—Canada Permanent Trust Co.

Purpose of Issue—Proceeds will be used for acquisition of the 7% bonds of Elk Creek Waterworks Co. and its shares and for other corporate purposes.

Offered — In Sept., 1937, by Laurence Smith & Co. and Riddell, Keenleyside & Walsh Ltd., at 95.50 and accrued interest to yield 5⅜%.



It's the man who pays—but he pays much less in hard-earned dollars and hours of furnace stoking when his home is insulated with Donnacona Board. Fuel savings offset the modest cost of the installation in a surprisingly short time. The increased comfort of your home, both Summer and Winter, cannot be measured in dollars and cents. Ask your Donnacona Dealer for an estimate of the cost of this necessary improvement. He can also supply you with all details of the Home Improvement Plan or, if you prefer, write us.

Donnacona Attic Insulation can be installed completely in a 25' square attic for as little as $143.00.

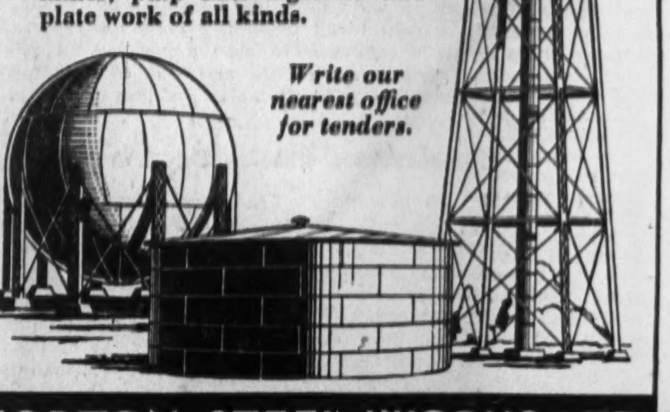
Alexander MURRAY & Company Limited
Montreal - Toronto - Halifax - Saint John
Winnipeg - Vancouver

DONNACONA
INSULATING PRODUCTS

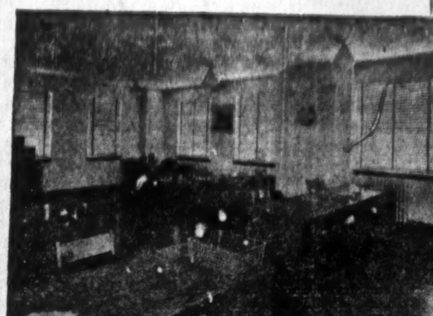
STEEL TANKS

Elevated water tanks, storage tanks for water, oil or pulp, spherical accumulators for acid, steel bins and breechings for mines, pulp mill digesters and plate work of all kinds.

Write our nearest office for tenders.



HORTON STEEL WORKS LTD.
TORONTO, ONT. FORT ERIE, ONT. MONTREAL QUE.



General offices are finished in a gray-ish Green, which combines naturally-colored surroundings with efficient light reflection for the most effective working conditions.

VICTORY BUILDING
TORONTO
International Paints used Exclusively

Distinctive mahogany panelling and richly finished parquet oak floors give executive offices an atmosphere of dignity.

A BUILDING EVERYONE ADMIRES

The dignified, pleasant and efficient decoration of the Victory Building daily impresses hundreds of people who visit its business and professional offices. Materials for the decoration of the entire building were supplied by International Paints (Canada) Limited under the direct supervision of Stewart & Wood Limited, Ontario Distributors, 82-84 York Street, Toronto.

Located on Richmond Street just west of Bay Street, the twenty-storied Victory Building is in close proximity to the legal, financial and retail districts and—as befits Canada's most modern office building—is equipped with complete air conditioning, modern lighting and high-speed elevators. International Finishes add to the satisfaction of owners and tenants.

International Paints
A WORLD-WIDE PAINT ORGANIZATION

International Paints (Canada) Limited
Saint John Toronto MONTREAL Winnipeg Vancouver
LONDON NEW YORK HAVRE BERGEN GOTHENBURG COPENHAGEN SYDNEY GENOA TRIESTE BILBOA HAMBURG VIENNA KOBE RIO DE JANEIRO

Hepburn Platform

(Continued from page 1)

decision nor the degree of his daring. He still takes on any fight. He still leaps at any challenge, any charge, no matter how (apparently) politically inconvenient. His oratory is powerful and inspiring.

His health is always somewhat precarious in spite of his buoyant, virile appearance. Ill-health nearly brought his resignation as party leader about a year ago but he was persuaded to continue and gave his promise to remain up to and through the next provincial election.

But Hepburn has been through many gigantic battles in his past term. He has apparently discovered that good intentions and ability and daring are not always enough for overnight reformation.

He enters this election then, not chastened, no less vigorous, only somewhat moderated in his plans and promises.

No Detailed Platform

Unlike the provincial Conservative party, the Liberals have published no detailed statement of platform.

"When I tell you of our accomplishments I don't think it should be necessary to run around the country making election promises. I stand on our record," declares Mr. Hepburn.

"We could have remained in office without an election for another two years had we desired, but I am concerned about these succession duties and about Hydro, so I am asking for a mandate to go ahead with our plans," the leader told a Brampton audience.

Reopening of estates to see that all the succession duties rightfully owing have been paid is one of Mr. Hepburn's chief interests. One of these scrutinies into the Laidlaw estate has, the leader charges, disclosed underpayment of some $2.8 millions. From the J. R. Booth estate at Ottawa he proposes to collect an additional $3.5 millions.

He promises to continue the search and predicts that some $50 millions or $70 millions can be collected from the 150 estates to come under revision. He several times mentioned that 561 estates might be opened.

"No court decision will stop us because the will of the Legislature is supreme in the final analysis," he declared.

"Our whole financial programme of relieving the people of some of this intolerable burden of taxation and of showing another big surplus next session depends on collection of these succession duties," the Premier said.

"In the last two years we have collected $28 millions of this money and this year we budgeted to get in $20 millions," Hepburn declared.

To charges that the collection of these duties has been carried on brutally and unfairly he is indifferent.

So far as reopening these estates Mr. Rowe's hands are tied, Hepburn charges, "because he has gathered the old Tory gang around him."

Hydro is Election Issue

Hydro, is the other main issue which brought on the election, according to the Premier.

"The Quebec power contracts," he declared, "will never be renewed in their old form," so long as he is in office and no matter what decision the Privy Council might take.

Nevertheless, the member of his Cabinet who manoeuvred the contract "repudiation," Hon. A. W. Roebuck, has been dismissed.

Positive plans of action, Mr. Hepburn does not describe, but "I plan to make Hydro so cheap that every one can use it."

Denying any shortage of power whatever, Hepburn declares himself categorically opposed to development of the St. Lawrence waterway or power projects.

"I am for collective bargaining, not for collective butchery," Hepburn says on his labor policy. "I believe in the right of labor to organize, to go on strike and to stay on strike. But if any man wants to go back to work, I'll guarantee that he can do so unmolested. I want to arrange differences that arise at conferences and prevent disturbances fomented by outside agitators."

"I am going to keep Lewis henchmen out of Ontario and I intend to do it," he has frequently asserted, on the C.I.O. issue. When Ontario's lack of authority to stop people at the border was pointed out, Mr. Hepburn asserted: "I have the authority to prevent C.I.O. agents fostering lawlessness. I am not going to allow its agents or anyone else in Ontario to advocate illegal possession of property."

Question of Wages

Beyond declaring that "Ontario has about the most advanced social legislation on the continent," Mr. Hepburn is not explicit regarding plans for further legislation. In at least one speech, however, he referred to "abnormally low wages" and declared, "within the next six or seven months many conditions complained of will be set right." He added that he was working hand in hand with the Government of Quebec.

Speaking at Arthur, Ont., he declared, that "Minimum wage schedules for the textile industry" would be set.

"I am going to co-operate with the Dominion Government to purge our relief rôles of those who have become professional parasites."

He promises to take back still more timber lands, to put still more men to work, and to raise still further the land and forest revenue of the province.

"By taking back large timber areas and pursuing aggressive business-like policy the Government has 30,000 men at work instead of 4,500" as under the former government's policy, he maintains. He predicts that by continuing this policy he can raise the revenue from the $4 millions this year to $7 millions next year, and give work to some 50,000.

Pay-as You-go Policy

He frequently affirms his allegiance to the pay-as-you-go policy. If roads in the north are not being built very rapidly, he told a Kirkland Lake audience, "when we do build them, we pay for them." Two new roads he promised were, completion of the trans-Canada route round the north shore of Lake Superior and a road joining that highway with the town of Hearst, Ont.

Included in his appeal to the rural electorate, Mr. Hepburn has increased grants to township roads from 40% of the cost to 50%, which meant an additional $400,000 contribution from the Provincial Government.

He is proud that he has paid all current expenses including relief costs out of revenue and at the same time has reduced the provincial debt. "The surplus of $9.3 millions in the last budget has all been passed on to the people."

"Both Ontario and Quebec should be getting concerned about looking after reforestation of these great timber areas," he announced at Timiskaming, adding, "we have made arrangements whereby sulphite and newsprint mills are locating in northern Ontario."

Liquor Board Plans

"I am not going to allow Rowe to make liquor an issue." Mr. Hepburn said, announcing his plan for a non-political three member control commission comprising one member of the Supreme Court bench, assisted by two members of the provincial house, one Liberal, one Conservative."

Revealing more and more of his plans as the campaign proceeds, Mr. Hepburn has announced, that legislation providing for unemployment insurance for both men and women will be enacted at the next session. Similarly, he announced pensions for the blind. A few days earlier, he puts into effect a $5 reduction in the cost of motor vehicle license fees, hinted at last winter.

"POWER" DIRECTOR

C. S. Bagg, vice-president and general manager of Montreal Light, Heat and Power Consold., who has been elected a director, succeeding the late George Caverhill.

Ottawa Light Profits Record 8% Increase

From Our Own Correspondent

MONTREAL.—Net income of Ottawa Light, Heat & Power Co. shows an increase in excess of 8% in the seven months ended July 31 over the corresponding period last year. July earnings are reported to have shown an even larger percentage increase.

Indications are that the company will earn the full 6% dividend on its common stock this year. Last year the company earned $5.05 a share on the common stock as against dividend requirements of $6 a share.

Consolidated Oka Sand Signs Labor Agreement

From Our Own Correspondent

MONTREAL.—Consolidated Oka Sand and Gravel Co. has entered into a collective labor agreement with its employees.

The agreement which provides for minimum wages of all classes of workmen employed by the company, will remain in force until the end of March, 1938.

Rowe Platform

(Continued from page 1)

leader in the 13th year after he first came to Queen's Park.

His Farm Pays

Like his political opponent, Mr. Rowe is the biggest farmer in his district. Also the most prosperous. Mixed farming, added to horse breeding, has made him comfortably independent. When one of his colts went to the United States for $10,000 he had definitely arrived as one of the big figures in the trotting horse industry.

Rowe is handsome, a tailor's delight. He is quiet, somewhat withdrawn, almost shy. But there's genial warmth about him and his smile. He has a real capacity for friendship.

But he is the heartbreak of the glamor boys. Turning him into a schoolboy's idol and a household word has been a job which his publicists have failed to do.

He has a sound background—good rural home, corner schoolhouse, simple business college, horses—but "putting him over" personally seems to have proved difficult.

Rowe, therefore, gets in his real work through personal contact "How do you like Rowe?" Ask anybody who has met him. "Very fine fellow" seems the almost invariable answer.

For this reason, then, he has to do for himself what publicists and the daily press can often do for other men. For this reason, too, Rowe was campaigning months prior to the announcement that an election would be coming this fall.

And during his long campaign he has definitely improved as a speaker. He no longer ends his punches with an anti-climax and he is timing his attacks more effectively.

For an opposition leader, Rowe has been sometimes forthright in his statement of policy, though that statement is cautiously enigmatic where political wisdom dictates.

Stand on Labor

On labor, he says: "Our policy will be to eliminate such abuses and unfair practices as exist in our industrial life. I will defend for the working man his British constitutional right of free association within the law. I will maintain law and order under all circumstances and at all times."

Making clear that he is waging no war with Ottawa, Rowe pledges, "co-operation with the Dominion and Provincial Governments leading to the establishment of unemployment insurance, national health insurance, maximum hours of labor and minimum rates of pay and other plans calculated to improve social and economic security."

Co-operation he pledges. Of what he intends to initiate, there is here no word.

"Unemployment can best be solved by the revival of the building and construction trades," the Rowe platform, carefully outlined in the campaign literature, avers. "Our policy will be to relieve municipal taxpayers from the intolerable burden of taxation now charged against their property."

On the whole, Rowe's labor policy appears to be essentially the status quo ante C.I.O. It is a scramble into the middle of the road position. No issue has ever embarrassed the Conservatives so much as the C.I.O. issue. Employers generally feel Rowe has evaded the simple issue—that C.I.O. is a lawless body and should be fought. But he has not won Labor support.

Lost Support of Drew

Mr. Rowe's stand on C.I.O. lost him the support of his first lieutenant, Col. George Drew, now taking an active part in the campaign as an independent Conservative candidate. He has attacked both leaders and has been outspoken in his criticism of the attempts to make votes by cracking down on wealthy men.

"At the present time," declares Col. Drew, "it would appear that one of the most important issues in the present campaign is which side has the most millionaires." It reminds him of the childhood game of pinning the tail on a donkey.

Hydro Contracts

On Hydro, the Rowe stand is: The present Hydro reductions will be maintained and further acts accomplished, "by sound administration rather than by dishonest repudiation." In view of the Conservative clamor at cancellation of Quebec power contracts by Hepburn and long uncertainty as to intended action should they retrieve power, Rowe's newest declaration is important, "I have never said I would renew the old contracts as they were previously drawn."

Liquor Policy

On liquor, Rowe says he will "take steps to remove the liquor question from political control. We will respect and enforce the Canada Temperance Act. We will return the principle of control to the sale and distribution of liquor."

Whether this might bring more or fewer beverage rooms, Sunday sale, restaurant sale, exclusion of women from beer emporiums, Mr. Rowe does not commit himself.

What developments from the consumer angle can be expected, apparently even the insiders don't know.

Ottawa Co-operation

Rowe pledges co-operation with Ottawa for securing a treaty with U.S. for development of power sites on the St. Lawrence, "thereby ensuring an adequate supply for the future industrial development."

"Governmental aid will be provided for the extension of Hydro into rural areas at decreasing cost."

Stimulating sale of farm and dairy products abroad, re-opening of Ontario House in London, is one clause doubtless dear to the leader's own heart.

Following his rival's example in adding to his election promises as the campaign proceeds, Mr. Rowe has just pledged himself to give farmers a rebate on their motor car license fees during the winter. As soon as the roads are closed to motor traffic, the license plates would be mailed back to Queen's Park under this scheme and the amount of the rebate based on the length of time they were filed with the highways department.

Other planks include scientific conservation of water, forest soil, processing and manufacture of forest products at home, keeping work and wages for Ontario workers, a broad "progressive" plan of road work "instead of the present spasmodic pre-election highway work." "Aggressive policies in northern Ontario for extension of Hydro, forest fire protection, reforestation, extension of medical health services, land clearance, bonus for settlers, encouragement and development of all branches of the mining industry."

Financial Plank

On finance, the Rowe platform states: "It is my conviction that the solution of many of our great economic problems lies in the sound and courageous development of our natural resources. To this end, our policy will be to initiate undertakings, in many practical directions to broaden the basis of taxation and thereby lay a foundation for a well-defined plan of debt reduction, tax reduction and balanced budgets."

Reaffirming his co-operative ambitions as regards Ottawa, he declares he will assist the Rowell financial commission in every way possible and "if necessary will establish a non-political provincial commission to study and report upon methods whereby provincial and municipal administration may be simplified."

Solloway Mills Meeting Oct. 4

Creditors to Consider Sale of 25% Interest in Judgment

Creditors of Solloway Mills & Co. Ltd. are to meet at Toronto on Oct. 4 to consider a proposal to sell an interest not exceeding 25% in judgment recently sustained on appeal against I. W. C. Solloway.

In a letter to creditors calling the meeting, G. T. Clarkson, liquidator of the company, states:

"As steps should be taken forthwith to enforce the judgment against I. W. C. Solloway as well as claims based on such judgments against other parties, it is necessary that the estate be provided with funds for such purposes. In order to raise such funds, it is now proposed to sell an interest, not to exceed 25%, in the judgment against I. W. C. Solloway to certain creditors of this estate who are entitled to participate in the proceeds of the judgment and to give all other creditors who are similarly entitled to participate in the proceeds of the judgment the right, within a limited time, to purchase a portion of the said 25% on the same basis."

The original judgment found I. W. C. Solloway accountable to the estate for $3,296,591 with interest. On appeal the judgment was upheld except for an item of $84,778.

Solloway Mills & Co. Ltd. was a Dominion company which carried on a stock brokerage business across Canada and it has been in liquidation for several years. Creditors are numerous and consist mainly of former clients of the firm.

Humberstone Shoe Co. Earns $2.52 a Share

Somewhat lower net profits are reported by Humberstone Shoe Co. Ltd., for the year ended July 31, 1937, as compared with the preceding year. Earnings per share were $2.52 a share in the year ended July 31, 1937, against $2.88 a share in the previous period. Dividends of $2 a share were paid in each year.

Sales were greater in the past year but profits lower, said by H. H. Knoll, president and general manager, to be due to giving employees who had been with the company a certain period one week's holiday with pay and an unexpected charge of $2,200 for electrical equipment.

The increase in current assets is caused by larger inventory of $565,034 compared with $384,804 last year. Liquid position is actually lower as cash is only $150 and a bank loan of $91,851 is shown. Cash last year was $36,692 and there were no bank loans.

Income and Surplus Account
Years Ended July 31

	1937	1936
	$	$
Operating profit	77,737	......
Less: Depreciation	10,349	......
Net earnings	67,388	68,204
Less: Bank interest	4,430	......
Life insur. premium	1,476	......
Prov. for inc. taxes	11,077	10,596
Net profit	50,405	57,608
Less: Dividends	40,000	40,000
Surplus for year	10,405	17,608
Add: Previous surplus	260,384	243,795
Less: Prior year's inc. tax	......	1,019
Surplus forward	270,789	260,384
Working Capital		
	$	$
Current assets	736,334	566,914
Current liabilities	291,942	142,786
Working capital	444,392	424,128

Estimates to Detail Civil Service Items

From Our Own Correspondent

OTTAWA.—A reform which is not so spectacular as it is important in its relation to the achievement of governmental economy is now being worked out by Hon. Charles A. Dunning, minister of finance, in consultation with officials of the Treasury Department.

It is a change in the form in which the annual estimates of Federal expenditures are to be submitted to the Dominion Parliament for its approval. Mr. Dunning proposes to eliminate the time-honored "civil government" item and to replace it by detailed estimates for the various activities which it has cloaked hitherto.

The modification is one of importance since its effect will be to make possible a more detailed analysis of Federal civil service operations and, consequently, a more effective check upon the self-fattening propensities inherent in bureaucracy.

Lumped Together

In the past the "civil government" item has not only included the general civil service vote for each department of the administration, but it has also cloaked extravagances of which each department might be guilty. And, being lacking in detail, Parliament has had no alternative to passing it in total, or rejecting it altogether. The latter course, obviously, has never been feasible, since it would mean crippling the department as a whole and every service which it conducted, regardless of merit.

The trouble which any M.P. who has been really anxious to effect general administrative economies has faced, accordingly, has been to lay his fingers on individual cases of extravagance. For some years now the broad propositions that the Federal civil service has expanded unnecessarily, and that one of the ills from which the country is suffering is overgovernment, have never seriously been challenged. The difficulty has been, however, to prove them.

The change which Mr. Dunning is now planning is one for which legislators who have economy as their main mission have been agitating for many years. The familiar saying on Parliament Hill is that government branches, like old soldiers, "never die." They may be organized to meet a temporary situation which disappears. Or they may be called into existence to administer legislation which is subsequently repealed. The moment there is a move to disband them, however, political pressure is exerted on behalf of their personnel, and they are absorbed into other services in which they are not necessary. And the transaction has been cloaked in the past from Parliament's scrutiny by the civil government item.

In the new form in which the estimates are to be submitted the various activities of each department will be set forth in greater detail, and some scope will be given Parliament for economy. That the change will lead immediately to any substantial measure of economy is not expected in Federal circles, but it is believed that it will serve to maintain a salutory check upon the steady growth of the service through loading various branches with unneeded help.

Chas. Gurd Seeks Tenders On 100 Preferred Shares

From Our Own Correspondent

MONTREAL.—Charles Gurd and Co. has decided to invite tenders from holders of the company's preferred shares for sale to the company of 100 shares for the purpose of redemption. Montreal Trust Co., transfer agent, is authorized to receive tenders from shareholders of record up to October 11, directors to take action on such tenders at a special meeting to be called subsequently for that purpose.

Redemption of this $10,000 par value of shares, will bring the total redeemed to date since the company was publicly financed in 1927 to $260,000, $200,000 having been redeemed July, 1928; $30,000 in July, 1930; $10,000 in September, 1931, and $10,000 late last year.

Empress of Britain
128 DAY World Cruise
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Let the famous Empress show you the world in the grand manner . . . 108 places . . . 57 days in port . . . private trains . . . and a royal welcome everywhere. Fares as low as $2300 ($18 per day) including exceptional shore programme. See YOUR TRAVEL AGENT or E. F. THOMPSON, Steamship General Agent, Canadian Pacific Building, Toronto.
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Steel Structures, Railway and Highway Bridges, Plate and Tank Work, Electric and Hand Power Cranes, Hydraulic Regulating Gates and Operating Machinery, Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Forgings, Boilers - Heating and Power Types, Coal Pulverizing Equipment, Domestic Heating Furnaces, Mining Equipment, Williams Buckets.
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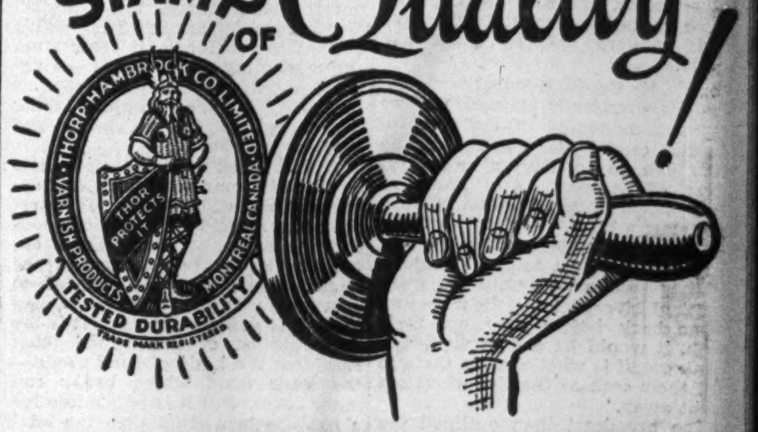

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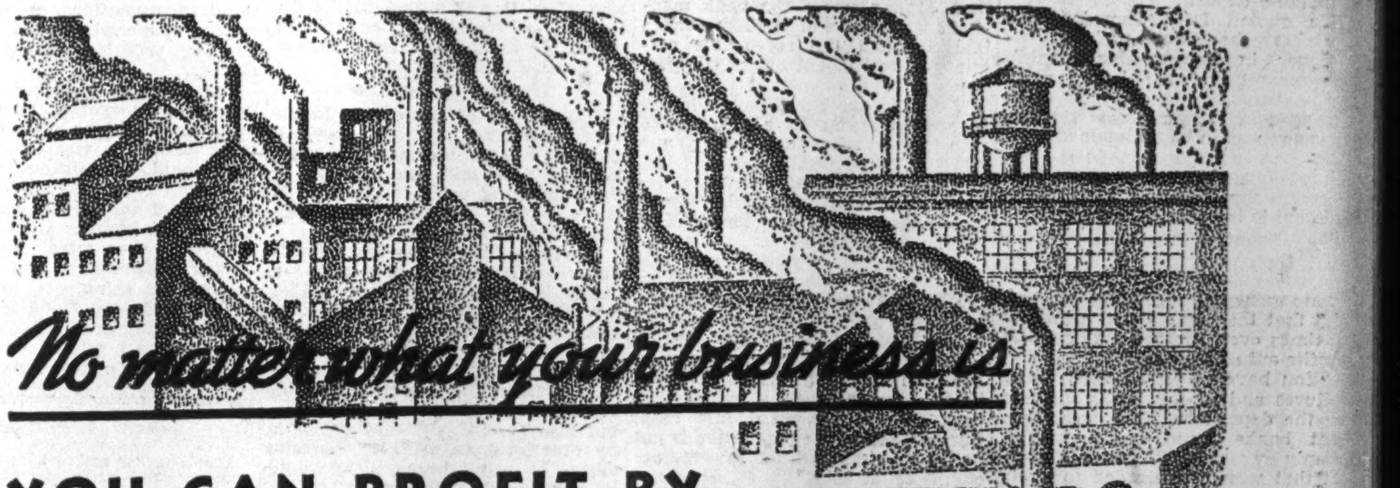

No matter what your business is
YOU CAN PROFIT BY MAY METHODS
No matter what line of industry you are in, no matter whether your business be large or small, May Methods can undoubtedly show you the way to larger profits.
From tremendous steel mills to small manufacturers, May engineers . . . trained to have keen insight and a thorough grasp of all phases of business management . . . have demonstrated, in hundreds of cases, the chance for increased earnings.
Our analysis of a business is complete and impartial. From the farthermost corner of the plant right through the administrative offices, nothing is overlooked. Every possible way to effect savings is determined. Waste is eliminated. Production is improved. In short, if there is any possible manner in which your business can be bettered, the May analysis will find it, and May engineers will give you a complete and unbiased report on the findings.
So, even though you may feel your business is functioning pretty well at present, it will pay you to investigate May Methods. A consultation will cost you nothing and it may be of greater profit to you than you can imagine. Write or call our nearest office.
MAY METHODS SAVED THIS TEXTILE MILL $75,000.00
Our preliminary survey promised a saving of 22% of their costs, or $36,500. Actually, when May Methods were installed, there was a saving effected of 33%, or $75,000.00. Even with this substantial saving the employees' earnings had increased approximately 10%.
MAY METHODS SAVED $21,500.00 FOR THIS MACHINE TOOL COMPANY
Being confronted with the necessity of reducing costs, this company called us in for a Preliminary Study. We estimated a saving of 30% of cost. When May Methods were put into effect, there was an actual saving of 33%, production stepped up 50%, and wages increased 20%. And besides all this, 300 hours less a month were required for the same production with 25% less labor.
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Restaurant, retail store, office, bank or studio all can be fitted with a permanent custom-built Dominion Battleship Floor that will end costly upkeep and bring comfort and quiet. No less than 21 colours and effects to choose from in limitless designs including borders, tiles and special crests. Ask any flooring contractor or department store about our 5-year guarantee.
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HOW MUCH OF YOUR OVERHEAD IS UNDERFOOT?

Banking

Banks May Use Radio To Explain Services

Alberta Broadcasts, Precipitated By Social Credit Attack, Seen as Precedent For Possible Future Policy in Canada

Possibility that Canada's chartered banks will explain their service by a series of radio broadcasts in various provinces as they are now doing in Alberta has been suggested by a high head office authority.

The Alberta broadcasts are being given every Tuesday evening, repeated every Wednesday noon, and reprinted in every Alberta daily and weekly newspaper. They are also reprinted for circulation in pamphlet form in all branch banks.

The broadcasts are delivered by Vernon Knowles, director of public relations for the Canadian Bankers Association and are composed by a committee consisting of Mr. Knowles, F. C. Biggar, Bank of Commerce and James Muir, Royal Bank.

They are significant as the first systematic attempt the banks have made to combat the criticism aimed at them in many radical and unorthodox quarters.

That some such action would be taken was envisaged by many with the appointment of Mr. Knowles last year. But the factor which precipitated action was Social Credit attack and the crisis produced by Mr. Aberhart.

Supplying Answers

In the first of the series given over a network of Alberta stations September 7, Mr. Knowles stressed that the series was non-political and non-controversial, "that we are not fighting, nor resisting, nor affiliating with any political party."

"Certainly there is a wideawake intelligence and an enquiring spirit alive in Alberta and a genuine desire on the part of the people at large to obtain the facts. Many important questions have been raised and we intend to supply answers which are truthful and accurate."

Simply and by means of homely illustrations, Mr. Knowles explains some of the fundamental principles and answers charges frequently made.

No Credit Monopoly

"It is wrongfully claimed that we enjoy a monopoly of the right to extend credit. Of course, we do not. We do not have a monopoly, even of banking. Any group of responsible people, in West or East, can start a bank.

"Soon the Alberta farmers will be hauling wheat to the elevators. If they had to wait until the grain reached Liverpool and the money to come back before they got their cash, it would be a long wait—but bank credit is what enables them to get their cash at the line elevators right away."

The broadcast then outlined the fundamentals of loans,—the principle on which Henry Smith loaned John Brown $500 so that John could feed his pigs and sell them at a profit.

He spoke of the security and trustworthiness of the banks, how even a child can be sent in all confidence to make a deposit.

He quoted Lord Snowden, the Socialist chancellor of the exchequer in Ramsay MacDonald's government, "If the banks were nationalized, they would have to be managed as they are now if their solvency was to be maintained."

In the second broadcast Mr. Knowles said that during the past 10 years the chartered banks have paid out in interest $416 millions.

Fountain Pen Fallacy

He then proceeded to straighten out the misconception that banks create money by the stroke of a pen and that they lend these "deposits" 10 times over, thereby making vast profits out of nothing.

"You have all heard about bank failures and of the losses suffered by the depositors. If it were true that banks could create money, simply by writing figures in a book, all that would be needed to avoid any bank failure would be a fountain pen.

"And if banks could make such fabulous profits on money produced by magic from an ink bottle they would be paying sky-high dividends, everybody would be selling everything they could lay their hands upon to buy shares and there would be a land office rush at Ottawa for bank charters.

"Much of the misapprehension about how deposits arise is based on a fragment taken out of a statement made in 1925 by the Right Honorable Reginald McKenna, chairman of the Midland Bank of England. That fragment is: 'Every loan creates a deposit.' Mr. McKenna was asked to comment on his statement. He replied it was true that a loan creates a deposit but that such a deposit would not be an asset on the bank's books but a liability, a debt which the bank must be prepared to meet on demand just as fast as cheques were written against it. He also pointed out that every deposit is a liability of the bank—money the bank owes to the depositor and must be ready to pay on the instant.

Changes and Deposits

"William Jones finds that he needs a power unit with his binder. It is going to cost him, say, $100. This time he goes to the bank and asks the manager of the bank to lend him the money. He gives the bank manager his note and his account is credited with $100—here is one of those deposits that has arisen from a loan.

"Mr. Jones gives a cheque to the implement man — the implement man presents it at the bank and is paid, we will say, in bills—so the deposit which arose from the loan has completely disappeared. A bank manager would indeed have to be a magician to be able to lend that deposit 10 times over.

"Some may say: 'But suppose the implement man does not cash the cheque. Suppose he deposits it in his own account—in that case, has not the loan created the deposit?' The answer is that in so far as his deposit is concerned, it came from the marketing of his goods — a deposit based on something that is produced, some tangible thing transferred to the purchaser and paid for by him.

"This deposit is in the same class as that of a man who saves and deposits a part of his wages. It represents the result of the sale of goods and the wages of labor. These depositors leave their money in the bank because they are satisfied to accept the bank's promise to pay instead of damanding cash. It is the accumulation of these funds that furnishes the basis of bank credit—the basis upon which banks can make loans. But it is impossible for a bank to lend more than the total of its deposits and its paid-up capital.

Loan Based on Assets

"In the case of William Jones's loan and deposit, by no means under the sun can it be said truthfully that the deposit came from a fountain pen. It rested, absolutely, upon William Jones's assets, the bank manager's knowledge of William Jones's integrity and the reasonable certainty of repayment out of the proceeds of his crop.

"Now our critic may say: 'Oh, but in any case you have not enough cash to meet more than perhaps one tenth of the deposits you hold—so, if everybody called for their deposits all at once, you wouldn't have money enough to pay them. How do you answer that?'

"Our answer is that if you will examine the sworn returns made by the banks to the Dominion Government, you will find that in addition to the approximately 10 per cent of cash always on hand, there are huge sums in other assets—which the bank owns—of such a nature that they can be converted into cash. Further, the whole population is not going to close out its savings accounts all at once."

In a succeeding broadcast, Mr. Knowles announced that he would deal with the charge that banks are part of "an international ring." How many broadcasts there will be in the series has not yet been determined.

Weekly Bank Clearings

	Sept. 16 1937 $	Change yr. ago %	Sept. 9 1937 $
Halifax	2,616,818	—10.7	2,208,063
Saint John	1,912,621	—17.8	1,656,176
Moncton	768,675	+ 0.3	783,782
Quebec	6,247,359	+30.0	3,902,605
Montreal	109,753,180	—11.4	88,177,917
Ottawa	15,372,500	—16.1	25,867,884
Kingston	573,652	— 9.3	563,619
Peterborough	694,870	— 1.3	515,187
Toronto	121,825,736	—29.5	85,576,041
Hamilton	5,660,334	+28.2	5,016,102
Kitchener	1,201,155	—12.3	1,017,952
Brantford	937,521	— 1.7	738,096
London	2,905,060	—11.2	2,027,030
Chatham	587,590	+54.9	490,077
Windsor	2,824,589	+ 8.2	2,239,583
Sherbrooke	792,363	+28.6	661,746
Sarnia	477,540	+16.6	490,208
Sudbury	1,101,594	+17.3	890,844
Fort William	694,532	—10.4	777,115
Winnipeg	49,541,918	—40.9	41,252,697
Brandon	395,872	— 5.0	335,822
Regina	5,425,738	—49.4	3,934,245
Moose Jaw	635,101	—34.0	535,112
Saskatoon	1,474,447	—34.1	1,257,318
Prince Albert	499,068	+13.0	391,305
Edmonton	3,879,960	— 9.4	3,268,851
Calgary	5,385,486	—39.5	4,527,288
Medicine Hat	295,512	+ 7.1	254,545
Lethbridge	607,205	+13.6	545,996
Vancouver	19,280,358	—18.7	14,985,724
Victoria	1,795,653	+ 9.6	1,474,389
N. W'minster	701,060	+ 0.9	644,833

Staff Changes

The Royal Bank has made the following changes in staff:

J. M. CARLETON, formerly at head office, to be manager at Van Horne & Outremont, Outremont, Que.

C. A. LLOYD, formerly at supervisor's department, Halifax, to be manager at Antigonish.

K. MACKENZIE, formerly manager at Van Horne and Outremont, Outremont, to be manager at Sackville, N.B.

L. T. REYNOLDS, formerly accountant at Perth, Ont., to be accountant at Cornwall, Ont.

W. A. CLARKE, of Kingston, Jamaica has retired on pension.

The Dominion Bank has announced the following changes in staff:

C. S. PIM, formerly assistant manager at Winnipeg, to be manager at Orillia, Ont.

E. D. WHITE to be assistant manager at Winnipeg.

J. D. KETCHUM to be manager at Homeside branch, Hamilton.

G. E. HYNES, formerly manager at Homeside branch, Hamilton, to head office.

The Bank of Nova Scotia has made the following changes in staff:

K. P. HUTTON to be manager at St. James, Man.

R. B. HALL to be accountant at Perth, Ont.

F. J. RENNISON to be accountant at Avenue Road and St. Clair, Toronto.

RELIANCE INSURANCE COMPANY of CANADA - Montreal - Property Insurance

The Wawanesa Mutual Insurance Company
Canada's Largest Fire Mutual
A leading All-Canada Company — in volume; in strength; and in service to "select" property-owners and agents.
Home Office, Wawanesa, Man. Eastern Office: 341 Church St., Toronto. Branches in Vancouver, Edmonton, Winnipeg, Montreal, Moncton.
FIRE, WINDSTORM, AUTO, CASUALTY

United States Fidelity & Guaranty Company TORONTO

Lafrance Warns Quebec Rebaters

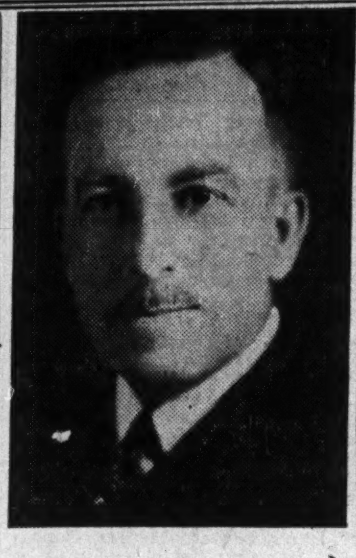
Asks Agents' Co-operation in Stamping Out Abuses

An appeal for co-operation in eliminating malpractices in the life insurance business was made last week by George A. Lafrance, Quebec insurance superintendent. Speaking before the Montreal Life Underwriters' Association in one of his first public addresses since his appointment last spring, Mr. Lafrance referred particularly to rebating, instances of which have already been brought to his attention.

Mr. Lafrance paid tribute to the agents for their part in the business of life insurance, but also pointed to their responsibilities.

"You need not be afraid to carry out those duties," he said in this connection, "for you will receive the whole-hearted co-operation of the department in fulfilling them. I shall do my best, and I know I shall be supported, in protecting the public against any malpractices, and especially in regard to rebating and switching.

"If we are to raise the standard of life insurance we must receive the best co-operation possible from both companies and agents. That is what we want in Quebec—co-operation. The companies can help by selecting the best possible type of representatives. It is also possible for the agents to add to the already high reputation they enjoy. From my point of view the agents are missionaries."



HEADS ADVERTISERS

J. H. Castle Graham, publicity director of the London Life Insurance Co., who was recently elected president of the Life Insurance Advertisers Association of Canada.

Insurance

Superintendent Raps Casualty Companies

Garrett Deplores Withdrawal of No Claims Bonus

Overcompetition, lack of publicity and unwillingness to meet public demand are named by H. G. Garrett, British Columbia insurance superintendent, as factors which retard the progress of the fire and casualty business in his province.

In a somewhat surprising report covering 1936 insurance business in British Columbia, Mr. Garrett points out that the year was in some respects disappointing and that recovery in insurance did not keep pace with progress in general business.

"The fact that there was a larger number of companies competing for the fire insurance business did not assist improvement in that field," he states, "and it is not too much to say that 216 companies is an unnecessarily large number for the volume which can be written. It may be suggested, too, that the fire and casualty companies might benefit by more publicity concerning their business and by being more ready to respond to the kind and form of insurance protection which the public wants. A multiplicity of policies is the worst advertisement the business can have."

The B.C. superintendent also raps the companies for dropping the no-claims bonus on automobile policies when the rates were jacked up last spring. He considers it a "matter of regret" as it was a step in the direction of rewarding the careful driver. In his opinion, the plan was not given a sufficient trial.

Increase in Business

The volume of automobile insurance premiums in the province showed a large increase last year, keeping pace with an increase in the number of vehicles licensed. It is estimated, however, that well under 50% of cars are insured.

In view of the heavy loss experience which hoisted the ratio of claims to premiums written to 73% last year, Mr. Garrett does not consider the increase in automobile rates surprising. In this connection, he contends that if the public not only grasped the principle that insurance is a co-operative concern, but also carried out that principle by practising an ordinary humane degree of unselfishness, there would be a rapid fall in rates.

Less fire insurance was written than in the previous year, but the ratio of loss fell to 29.45%, the lowest figure in many years. "The reduction in losses will lead to lower rates," Mr. Garrett points out, "but the public does not sufficiently realize that rates cannot be based entirely on the experience in a particular locality, class of insurance or class of risk, or for a particular year. Even a 'stock' company is, in essence, a mutual organization and the losses and higher rates have, to some extent, to be spread among all policyholders. Underwriters claim that the experience of five years is required to acccurately gauge results."

Prospects in life insurance he finds encouraging. In 1936, companies operating in the province collected less in premiums and were called upon to pay out more in claims. More favorable factors were a decrease in surrendered policies, repayment of loans on policies and reinstatement of lapsed policies. Mr. Garrett anticipated marked improvement in the life field this year. But he suggests that business cannot be expected to grow at the same pace as in the last decade.

Ontario Iron and Steel

A preliminary report of the Dominion Bureau of Statistics shows the gross value of iron and steel and their products in Ontario last year at $309,418,816.

Marine Rates Are Revised

Standard Quotations Are Withdrawn on Shipments to Orient

The Institute of London Underwriters has abolished standard insurance quotations on munitions and oil shipments to China and Japan. Individual underwriters now may charge whatever rates they feel are justified on individual cargoes. As in most instances these rates would be almost prohibitory, it is likely that the decision of the institute will result in very marked reduction of these types of shipments.

On other cargoes destined for ports south of Shanghai, premium rates have been doubled, the figure now standing at 20 shillings per £100. Further changes announced by the London Institute, whose procedure is being followed by most Canadian companies writing marine insurance, include discontinuance of quotations on Russian ships operating in the Mediterranean. This simply means that shippers must bargain for insurance with individual underwriters, as is already the case with Spanish shipping. Despite generally higher rates and the withdrawal of standard quotations, a substantial volume of special war risk insurance has been reported from the London market.

United States insurance companies have adopted somewhat similar policies. As conditions in the Orient became worse, it was apparent that they could not continue to publish minimum rates and abide by them because of the widely varying degree of the hazards involved. Consequently, open rates covering risks of war, strikes, riots and civil commotion on shipments to or from China, including Hong Kong, have been discontinued. Rates on such shipments are quoted only on special application to the underwriters.

New Licenses

The following companies have received certificates of registry from the Federal Department of Insurance, authorizing them to transact the classes of business named in addition to those for which they are already licensed:

American Insurance Co.—Fire, automobile excluding loss through bodily injury, explosion, limited hail, inland transportation, personal property, sprinkler leakage, falling aircraft, earthquake, property damage caused by vehicles.

Fire Association of Philadelphia—Fire, automobile excluding loss through bodily injury, explosion, inland transportation, personal property, sprinkler leakage, tornado, falling aircraft, earthquake, hail, property damage caused by vehicles.

Granite State Fire Insurance Co.—Falling aircraft, earthquake, civil commotion, property damage caused by vehicles.

First National Insurance Co. of America—Falling aircraft, civil commotion, hail, property damage caused by vehicles.

General Insurance Co. of America—Falling aircraft, hail, property damage caused by vehicles.

Central Manufacturers Mutual Insurance Co.—Falling aircraft, hail, limited or inherent explosion, civil commotion, sprinkler leakage, tornado, property damage caused by vehicles.

Eureka-Security Fire & Marine Insurance Co.—Falling aircraft, hail, property damage caused by vehicles.

Pennsylvania Lumbermen's Mutual Fire Insurance Co.—Falling aircraft, civil commotion, property damage caused by vehicles.

Lumbermen's Insurance Co. — Property damage caused by vehicles.

United Firemen's Insurance Co. of Philadelphia—Falling aircraft, earthquake, civil commotion, property damage caused by vehicles.

National-Ben Franklin Fire Insurance Co. of Pittsburgh—Falling aircraft, hail, limited or inherent explosion, civil commotion, tornado, property damage caused by vehicles.

Girard Fire & Marine Insurance Co.—Falling aircraft, limited or inherent explosion, civil commotion, sprinkler leakage, property damage caused by vehicles.

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IN CITIES and towns where Central Stations are not maintained by this Company, Burglar Alarm, Sprinkler Supervisory and Automatic Fire Alarm Systems can be installed to connect with local Police or Fire Department headquarters.

These systems are of the same type and design as installed and operated by us in the larger cities.

Inquire of our nearest office

DOMINION ELECTRIC PROTECTION COMPANY
BURGLAR, FIRE AND SPRINKLER ALARMS
Central Stations
Toronto Montreal Quebec Ottawa Hamilton London Winnipeg

Liberal Paper In Edmonton Opposes Gray

Bulletin Puts Candidate in By-election Field—Leans to Aberhart

NO FUSION CRY

From Our Own Correspondent

EDMONTON.—Liberal leader E. L. Gray is facing opposition within his own party in his campaign for election to the Alberta Legislature in the Edmonton by-election on Oct. 7.

Mr. Gray's candidature has the backing of many Liberals, the Conservative and U.F.A. groups, and the People's League.

Against this fusion of Social Credit opposition, the only other candidate to make an appearance was J. Lakeman, Communist nominee, until The Edmonton Bulletin demanded that a "people's candidate" be put up. Mayor J. A. Clarke, of Edmonton, former Liberal who called Premier Aberhart "my chief," indicated he was available.

Breaks With Gray

The Bulletin, long a Liberal bulwark in Alberta, openly broke with Mr. Gray, in the following terms: "Nothing but a clear and categorical declaration dissociating the Liberal party in Edmonton from Mr. Gray's personal desire for 'unity' with Tory-moneyed interests, can regain for the party the respect and confidence of the public."

On the other hand, the Edmonton Journal is vigorously supporting Mr. Gray, and the unity of opposition idea.

With these developments in Edmonton, the by-election assumed new significance in provincial politics. Whether or not a province-wide split in the Liberal party is imminent was a matter of conjecture, but the view generally accepted was that Liberal opposition to Mr. Gray arose largely from a group of disgruntled, die-hard Liberals of the old school in Edmonton.

Federal Outlook

Beyond the sphere of provincial politics, the question of Liberal prospects in Alberta from a federal point of view is under discussion. The Bulletin, last remaining Liberal paper in either of the largest cities of Alberta, is opposing Mr. Gray and apparently thereby lined up with elements in the Liberal party that look to Hon. J. G. Gardiner, federal minister of agriculture, to preserve the Liberal party from the taint of fusion. However, The Bulletin and Mr. Gardiner do not see eye to eye on many issues, and the paper has attacked Mr. Gardiner just as it now attacks Mr. Gray.

It is a common belief that The Bulletin is moving around behind the Aberhart Government. Complaints are heard in printing circles that Government printing contracts are being transferred to The Bulletin job printing plant.

Following the notable success of the mass meeting of protest against Aberhartism at Calgary, the People's League is promoting other demonstrations. At Red Deer and Lethbridge, huge crowds gathered to voice opposition to Social Credit policies. and a mass assembly at Edmonton is being talked, though the by-election campaign may cause its postponement.

Loss Schedule May Be Revised

Revision of the method of fire insurance loss classification will be considered at a special meeting called by Ontario insurance superintendent H. D. McNairn, for Oct. 5. At the meeting will be representative fire insurance underwriters, a representative of the federal insurance department and the Ontario and Dominion fire marshals.

The classification now being used in the province is that named in the insurance act—the National Board of Fire Underwriters. Since the act was passed, the National board has materially changed the basis of its classification, but similar changes have not been introduced in Ontario. As a result, insurance authorities feel that there is much information which might be of value from a statistical angle, and from the fire marshal's viewpoint, which is not being disclosed. It is understood that the meeting will discuss a more suitable break-up of loss classifications with a possibility that additional items may be included.

Montreal Approves Plan For Tax Arrears

From Our Own Correspondent

MONTREAL.—The Montreal city council has approved proposals for the consolidation of tax arrears as provided by an act passed at the last session of the Quebec legislature.

The act provides for consolidation of tax arrears for the years 1931 to 1936 inclusive over a period of up to 25 years and application for consolidation must be made before Nov. 17 next.

It is not expected that there will be a large number of applications for consolidation. The experience of the city of Quebec would indicate, in fact, that there will be only a small number of applications.

Bank of Canada Weekly Statement

Feature change in the Bank of Canada balance sheet during the week ended Sept. 15 was a further, seasonal, increase in note circulation, with a corresponding increase in holdings of short term Government securities.

Balance Sheet

	Sept. 15 1937 $	Sept. 8 1937 $
Liabilities		
Capital paid-up	10,100,000	10,100,000
Notes in circ.	155,830,816	152,475,547
Rest fund	743,716	743,715
Depos.: Dominion	29,901,434	32,550,251
Banks	181,735,344	180,658,310
Other	1,158,546	1,076,501
Total deposits	212,795,324	214,285,062
All other liabs.	3,000,003	2,240,601
Total liabs.	382,469,859	379,844,925
Assets		
Reserve: Gold	179,443,021	179,484,206
Silver bullion	2,573,436	2,573,435
Res. in sterling and U. S.	30,580,679	28,072,007
Other curr.	804	924
Total reserve	212,597,940	210,130,572
Subsidiary coin	131,705	141,074
Investments:		
Dom. govt. short	58,040,002	55,530,538
Other Dom. govt.	97,173,631	97,445,900
Other secs.	10,990,420	10,979,511
Total invest.	166,204,053	163,955,949
Premises	726,763	723,440
All other assets	2,809,398	4,893,890
Total assets	382,469,859	379,844,925
Reserve ratio	57.67%	57.29%

London Scottish Withdraws From Field in Canada

The London and Scottish Assurance Corp., one of the world's greatest underwriting companies, will write no new life business in Canada after Sept. 30. Existing policies in the Dominion will be serviced. And there will be no change in connection with casualty business.

The decision was made in London and came as a surprise to most of those in the Canadian field. A. H. P. Priddy, manager for Canada, visited the Old Country this spring, and it is probable that the matter was threshed out at that time.

Observers have discounted claims made recently by an alderman in Hamilton, Ont., that the company was being forced out of Canada, by the "unfavorable investment outlook" created by hydro repudiation, the Aberhart régime in Alberta and overloading of municipal debt. It is pointed out that none of the company's $2.6 millions of securities held in Canada are affected by the Alberta situation. Only a very small proportion of real estate is held in that province. While most of the power companies are listed in the portfolio, the total investment in these securities is only about $200,000.

Further, the question is raised: "If fear of the investment outlook was the cause of the company's action, why did it not decide to discontinue writing all lines of insurance rather than just life? A substantial volume of businesss is transacted annually in fire and casualty lines."

A much more logical explanation would seem to be the problem of costs. The London and Scottish writes about $3.5 millions to $4 millions new life insurance each year in Canada, a relatively small amount. It has in force some $17 millions of business. The expense of obtaining and maintaining this business is high—higher than most life companies doing business in this country. It has been estimated that with existing facilities, four or five times the amount of insurance now written could be handled.

Montreal Stock Values Decline During August

From Our Own Correspondent

MONTREAL. — Securities listed and traded on the Montreal Stock Exchange and Montreal Curb Market had a total value of $8,405 millions at the end of August, a decrease of $69 millions from the previous month, but $612 millions over that reported at the end of August a year ago.

FIRE AUTOMOBILE
Assets over $9,120,000
MARINE CASUALTY
Losses Paid Since Organization of Company in 1851 over $123,480,000
REPRESENTING SERVICE AND INTEGRITY FOR GENERATIONS
WESTERN ASSURANCE COMPANY
HEAD OFFICE - TORONTO

MAKE A FRIEND OF FATHER TIME

And he can be a Good Friend too if . . .
YOU KNOW THAT WHATEVER TOMORROW MAY BRING FORTH YOUR LOVED ONES ARE PROTECTED AND SECURE.
Why not create an immediate estate for them through Life Insurance . . . and, incidentally, provide for your own old age. All this you may do with a Sun Life Family Protection and Retirement Policy.
SUN LIFE of CANADA

Laurier Garage Fire, Montreal, Que., 1937.

A Company whose reputation for FAIR SETTLEMENTS is one of its greatest assets.
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The CANADIAN FIRE INSURANCE CO.
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Beauharnois Power

I hold a 5% collateral trust bond of Beauharnois Power Corp. and would appreciate any information you can give me in regard to the outlook.

The outlook for the 5% collateral trust bonds of Beauharnois Power is somewhat obscure, especially since the Ontario Government has reiterated that it has no intention of negotiating a new contract with the company. Furthermore, the Ontario Government denies that there is any power shortage in that province and, in any case, has a contract for additional power with Gatineau Power Co.

No doubt you are aware that the company is attempting to establish the legality of its contracts through the courts, and court decisions to date have been favorable to it. It is probable that the matter will be carried to the privy council and should the final decision uphold the company's contention it is possible that the Ontario Government will make some arrangement with it. At any rate, the sharp growth of the Ontario Hydro power load is a hopeful factor.

Interest on the collateral trust bonds accrues from Oct. 1 of this year and the first interest payment is due April 1, 1938. There is practically no prospect of the company having sufficient revenue to pay interest when it comes due, and there would be no advantage in attempting to enforce the security. It would appear, therefore, that the collateral trust bondholders will of necessity have to wait until such time as the company is able to market its surplus power. It has been suggested from time to time that the company might market a large block of power in New York State. As yet, no move has been made in this direction and it is possible that the company would have difficulty in securing a permit to export power.

Trans-Canada Shares

I would appreciate information as to the dividend record of Trans-Canada Shares and an outline of the method of operation, with approximate prices for the stock.

We are informed that Trans-Canada Shares were being offered recently at $13.75 a share, but have no information as to the latest bid, which is based on the actual value of the underlying securities. Trans-Canada Shares is a fixed type investment trust. Purchases are made of stocks of 15 leading Canadian corporations whose equity securities are highly regarded in this country. For each group of shares so purchased, 1,000 Trans-Canada Shares are issued, the underlying securities being held by Yorkshire & Canadian Trust, Ltd., Vancouver. An "over-the-counter" market is maintained for the shares but this hardly seems likely to be as satisfactory as the market for securities listed on recognized exchanges. The dividend record has been as follows: 1933 (6 months), 13.84 cents a share; 1934, 36.34 cents a share; 1935, 37.63 cents a share; 1936, 42.87 cents a share; 1937 (6 months), 31.41 cents a share.

W. E. & L. S. Bonds

Has there been a protective committee formed for the bonds of Windsor, Essex & Lake Shore Electric Railway Assoc.? What progress is being made toward a reorganization of the Association?

On May 31, 1937, bondholders of Windsor, Essex & Lake Shore Railway Association elected T. R. Harrison, N. J. Robinson and W. A. Woodcock, all of Toronto, as a committee to approve or oppose any plan of reorganization for the association or any of the nine municipalities whose debentures constitute the association's chief asset. Guaranty Trust Co. of Canada, Windsor, is trustee for the bondholders.

Most of the physical assets of the Railway Association have been sold by the trustees and about $100,000 has been realized. The chief remaining asset is $1.1 million of bonds of the city of Windsor, the towns of Essex, Kingsville, Leamington and the townships of Sandwich West, Sandwich East, Sandwich South, Gosfield North and Gosfield South. Of these municipalities, Windsor has recently been refinanced and provision was made for eventual settlement of a portion of the railway debt owing by the city by the issue of new Windsor debentures on a par for par basis. It is probable a similar provision will be made for the settlement of the liabilities of other municipalities which are in default. The exact apportionment of the liability between the various municipalities has not yet been made and will await completion of the refinancing plans. The municipalities concerned, under the terms of the agreement, are severally liable for the debts of the railways.

Can. Hydro-Electric

Have the 6% first preferred shares of Canadian Hydro-Electric Corp. any value at the present time?

Under an arrangement approved by shareholders on July 15, Canadian Hydro-Electric Corp. is to be absorbed by its operating subsidiary, Gatineau Power Co. through exchange of the company stock for new stock of Gatineau. Under the plan, each 6% first preferred share of Canadian Hydro is exchangeable for one new 5% preferred and 1½ new common shares of Gatineau Power. The new preferred of Gatineau Power is currently quoted at $71 a share and the new common at $9.50 a share. Thus the 6% first preferred stock of Canadian Hydro-Electric has a current value of approximately $85 a share.

Traders Finance Corp.

Can you tell me if there is any prospect of a dividend being paid on the common stock of Traders Finance Corp.? I would also appreciate a report on the company's earnings and financial position.

Volume of business handled by Traders Finance Corp., to the end of Aug., 1937, has been 55.2% higher than for the corresponding period of 1936. Earnings have also been substantially higher. We are informed that the directors have not yet considered the matter of paying a dividend on common. Traders Finance, finances installment purchases of Ford cars and trucks in Canada and does some business for other automobile concerns. In 1936 the company had a net profit of $327,657 compared with $222,720 in 1935. After payment of interest on income funding rights and dividends on the A and B preferred, the balance available for class A and class B common stock was equivalent to $3.48 a share. Regular dividends have been paid on both classes of preferred and interest on the income funding rights. Volume of business transacted in 1936 was $21.1 millions and profit, before interest and dividends, was equal to 1.6% on volume of business done. With an increase of over 55% in volume so far in 1937 it is evident that profit should be considerably higher. The company's shares are not listed and the market is rather inactive.

District of Burnaby

Can you let me know what action the District of Burnaby is taking to meet its obligations?

District of Burnaby, a Vancouver suburb, has been in default for approximately five years and is being administered by a commissioner appointed by the province. We understand that no steps have been taken yet toward refinancing and it appears that it will be some time yet before the municipality will have re-established its finances on a sound basis. At the end of 1936 accumulated tax arrears were $363,221 as compared with $475,871 at the end of 1935. This represents a substantial decrease but tax sale lands held by the municipality have increased from $1.8 million at the end of 1935 to $2.1 millions at the end of 1936. Funded debt was $3.6 millions at Dec. 31, 1936, of which $314,000 was in default as to principal. The sinking funds on hand were only $175,374. Some progress is being made in improving the municipality's finances but indications are that some time will have to elapse before the district can resume payments to bondholders.

Weston Common

I would appreciate an analysis of the position of George Weston Ltd. common stock.

For the six months ended June 30, 1937, George Weston Ltd. reported a net profit of $165,572, after all charges other than income tax. This was a reduction of $49,955 from the corresponding period of 1936. Reduced earnings are stated to be due to labor trouble in the company's American plant. Higher costs of materials and manufacturing also played a part as the company experienced difficulty in adjusting retail prices to correspond with the rise in costs. It is stated that the labor situation has been cleared up and that some progress has been made in adjusting sales prices. In 1936, the company earned $1.11 a share on its common against $1.08 in 1935. Dividends in 1936 were paid at the rate of 85 cents a share and the present annual rate is 80 cents a share. At the current price of around $12.50 a share, the stock yields about 6¾%. Ranking ahead of the common is $1¼ million of 5% preferred stock. The company recently purchased control of McCormick's Ltd. and guaranteed payment of principal and interest on $263,000 of 4½% bonds and $1.4 million of 4% bonds to be issued as part of a reorganization of McCormick's. This places an additional contingent liability ahead of the stock.

Algoma Steel Dividends

Can you give me a report on the Algoma Steel Corp.? Is there a possibility that the company will pay dividends in the near future?

There does not appear to be any immediate possibility of any return on an investment in Algoma Steel. In the year ended April 30, 1937, the company earned 20 cents a share on its common stock as compared with $1.05 in the previous year. The reduction in earnings was due to the lack of railway business. Earnings in the first quarter of the current fiscal year showed improvement. However, the company has no intention of paying dividends in the near future. The preferred stock does not become cumulative until 1940 and, in the meantime, earnings are to be used for plant improvements and expansion.

The outlook for Algoma Steel is considerably better than for some time. Through diversification of its output the company is now in a position to make profits without steel rail business, whereas formerly it depended almost entirely upon steel rails for its earnings. The company is experiencing good demand for its structural steel and sheet piling production. The company, in fact, is importing 900,000 tons of coal and 400,000 tons of iron ore this year compared with 600,000 tons of coal and 117,000 tons of iron ore last year.

Quebec Power

Will you please give your opinion of Quebec Power Co. bonds as an investment?

Quebec Power Co. 4% bonds are well secured, the equity behind a $1,000 bond at the end of 1936 being in excess of $2,000. The company has always earned its bond interest by a good margin, interest being earned 2.37 times in 1936 after depreciation. The yield, however, is rather low. In recent years earnings of the company have been somewhat lower than previously, this being due to reduction in rates charged by the company.

There has been some uncertainty in regard to bonds of power companies in Quebec because of political agitation against the power companies and proposals for public ownership. Quebec Power Co. is one of the firms against which charges have been made, but it does not appear that these can be substantiated in view of the fact that the company has reduced its rates seven times since 1926.

Saskatchewan Bonds

I hold $5,000 of Saskatchewan bonds and would appreciate a report on the outlook for the province. Is there any danger of default by the province?

During the past eight years the province has had very large deficits, debt of the province increasing by approximately $121 millions. A large part of this increase in debt is owed to the Dominion Government and it is not likely that the province will ever be called upon to repay it.

At the moment there are several factors which would lead one to be hopeful of the future. Although its fiscal position is the most serious of any province, there has never been any suggestion by the Government that it should default on its obligations. The province, in fact, hopes to avoid default at all costs and there appears to be no immediate danger of such action. A large part of the relief in the drought area has been assumed by the Dominion Government and the province's share of relief expenditures is being loaned to it by the Federal Government. Furthermore, the Dominion is paying to the province a temporary subsidy in order to ease its budget position.

Perhaps the most important factor, however, is the recent appointment of a Royal Commission to investigate Dominion-provincial financial relations. The main reason for the appointment of this commission lies in fiscal difficulties of the prairie provinces and it is hoped that some solution of the problem will be found as a result of the study.

Canadian Breweries

Will you kindly give me a review of the situation of Canadian Breweries Limited?

Canadian Breweries Ltd., formerly Brewing Corp. of Canada, is expected to show improvement in earnings for the financial year which ends Oct. 31. In the preceding year, earnings amounted to 53 cents a share, after depreciation and income tax, on the preference stock which is entitled to cumulative dividends of $3 a share annually. Due to increased earnings this year, the rate being paid on the shares has been raised from $1.50 annually to a rate of $2, and total payments in the year ending Oct. 31 will total $1.75 a share, including the payment to be made Oct. 15.

The company's business is seasonal to a marked extent. For instance, in the six months ended April 30, 1937, it did not quite break even, after allowing for depreciation. In the three months ended July 31, earnings on the preference shares amounted to $2.10 a share, or more than sufficient to cover an annual rate of payment of $2 a share. The final three months of the year, August, September and October, include a substantial portion of the period of highest sales, and are, therefore, expected to show an addition to profits. Arrears of dividends on the preference stock will be $4.25 a share at the end of the fiscal year.

The company is the major brewing organization in Ontario and appears to have benefitted from consolidation among subsidiary operating companies.

Winnipeg Electric

What is the difference between series A and series B general mortgage bonds of Winnipeg Electric Co.? What is the outlook for the company?

General mortgage series A bonds of Winnipeg Electric Co. are fixed interest securities, while the series B bonds are on an income basis up until 1947. In other words, interest on the series B bonds will be paid up to the rate of 4% only if income after payment of interest on the series A bonds is available for this purpose. During the past two years interest has been paid at 4%.

In the first seven months of the current year earnings were approximately the same as in 1936, net earnings available for bond interest and depreciation in the seven months ended July 31 amounting to $1,646,665 as compared with $1,647,136 in the corresponding period of 1936. However, it is possible that the company will be faced with some reduction in income during the latter months of the year, since its contract with the City of Winnipeg expired on Sept. 1. Although the company is faced with competition from the city-owned power plant, the outlook is regarded as favorable since there should be an increased demand for the services provided by the company as business improves.

Burns & Co.

What are the prospects of Burns and Co. being able to continue interest payments on its bonds?

Half the bonds issued to each bondholder under the reorganization plan of Burns & Co. bear fixed interest at 5% and the other half bears income interest at 5% until 1939. In 1936 mandatory bond interest was earned 3.6 times after depreciation, while income bond interest was earned 2.64 times.

In the current year, operations have not been as satisfactory as last year, but with reasonably good autumn months the company should be able to show income interest covered. Adverse factors affecting the current year's operations have been labor difficulties encountered in Vancouver, higher operating costs and keener competition.

Hamilton Bridge Pfd.

Earnings This Year Will Show Marked Improvement From Large Contracts; High Yield May Develop if Volume Continues

Hamilton Bridge Co. this year is expected to show earnings substantially above the dividend requirements on the 6½% preferred stock, for the first time since 1931. Dividends have not been paid on the preferred since Aug. 1, 1932, and the total of arrears therefore stands at $32.50 a share.

The preferred stock is the company's senior security, the outstanding capital consisting of 21,875 preferred shares of $100 each and 100,000 common.

The company has two plants at Hamilton and one at Toronto. Its subsidiary, Western Bridge Co., operates the Vancouver plant. The business consists of fabrication and erection of structural steel such as frames for buildings, steel bridges, railway turntables, steel towers and telegraph and telephone poles, tanks, and so on. These products are what the economist calls "capital goods" for which the demand varies sharply in periods of prosperity and depression. The effect of the pronounced decline in volume in the depression is shown in the record of earnings and working capital, as follows:

Earnings and Working Capital

	Earn. per Share Pref.	†Com.	Working Capital
1929	24.59	4.07	1,577,345
1930	13.48	1.57	1,364,877
1931	6.58	.01	1,127,794
1932	*8.67	*3.32	859,036
1933	*8.89	*3.37	672,025
1934	*7.97	*3.16	540,299
1935	*4.17	*2.33	269,195
1936	3.50	*0.66	317,108

*Deficit per share. †After allowing for preferred dividend.

Book Values

Owing largely to the adverse results of the period, book value per share of the preferred dropped from $215.72 in 1929 to a low of $183.62 in 1935. The equity for the common dropped from $23.74 in 1929 to a low of $10.45 a share in 1936. The record therefore shows the exaggerated impact of depression on a business largely of supplying capital equipment. The swing to a profit in 1936, however, indicates how earnings of this type of business can revive rapidly as economic recovery progresses.

The greatly increased volume of business in 1937 is made up largely of a $500,000 contract for superstructure of new C.N.R. bridge at Fredericton, $275,000 for steel work on the new Sarnia international bridge, and nearly $400,000 on new blooming mills of Steel Co. of Canada. Western Bridge has about $900,000 of work for the new Lion's Gate bridge at Vancouver. Both the Hamilton plants have therefore been operating at high speed. The Toronto plant has not been opened. The company is therefore in a position of recovering a major portion of predepression volume but with capacity to handle more business.

Dividend Position

It was stated earlier this year that working capital will need substantial further improvement before directors would deem it advisable to start paying arrears on the preferred, and no payments at all are being made. There is no doubt that working capital will be materially improved this year which brightens prospects for resumption of payments on preferred. For the investor, there is particular interest in the preferred shares, recently quoted between 70 and 80 on two grounds: (1) That there is a possibility of resumption of 6½% payments giving a high yield and (2) that if prosperous conditions continue there will be a hope of payments on arrears which could be written off the amount of the capital investment.

For the long run, the investor should remember that capital industries have periods of very high volume but are also subject to abnormal depression in bad times. But at present the company appears to be running into one of the better periods.

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STOCK AND BOND MARKET QUOTATIONS

Montreal, Toronto, Curb

— The following table is confined to official prices for listed stocks. Where no recent transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 20

Range 1937 High	Low	Div R'te $	Sept 18 Y'ld %		Sales	Last Sept. 13	Week end. Sept. 20 H	L	Cl'se
				A					
15½	3¾	•	...	Abitibi	13629	4½	4¾	3¾	4½
80	37	•	...	Do. pref. 6%	7124	38	45	37	38
97	60	•	...	Do. pref. 7%	....	(— bid 78 asked)			
79½	40	•	...	Do. cert. dep.	100	40	43	43	43
6¾	3	10c	...	Acadia Sugar	25	3	3	3	3
18½	9	50c	5.5	Acme Glove	....	(— bid 9 asked)			
94	75	6.50	7.8	Do. pref.	50	75	85	80	80
12	8½	60+30c	.	Agnew Surp.	155	11	11	11	11
[illegible]									
24	16½	1.60+30c	.	Electrolux	825	16½	17½	17	17½
8½	4	.	...	Enam. & Heat.	25	4¾	4	4	4
40	30	62½c	...	English Electric	35	37½	38	37	38
16¾	10	.	...	Do. (B)	102	12½	13	12½	12½
8	5	.	...	Equitable Life	....	(5½ bid 7 asked)			
10½	7¾	30c	...	European El. A.	....	(5 bid 8¾ asked)			
.65	.65	.	...	Do. Warrants	....	(.15 bid — asked)			
				F					
13	6	•	...	Fairchild Air.	1340	6½	6¾	6	6
35	24	•	...	Fam. Players	....	(18 bid — asked)			
34	22	•	...	Do. Vot. Tr.	....	(22 bid — asked)			
25½	19	75+25c	.	Fanny Farmer	3390	21½	22½	19¾	20
10½	10	.	...	Fleet Aircraft	....	(— bid 9 asked)			
29¾	19½	1	4.8	Ford Motors A.	3709	20	21½	19¾	21½
2½	1	.	...	For. Pr. Secs.	250	1	1	1	1
31	14½	.	...	Foundation Co.	665	15	17½	14½	14½
50	26	.	...	Fraser Cos.	1040	27½	31½	26	26
[illegible]									
44	19	.	...	Do. pref.	174	3½	3½	3	3½
76	53	3.50▲	...	Wood, A. & J. p	....	(60 bid 89 asked)			
85	55	.	...	Woods Mfg., pf.	165	55	65	60	60
				Z					
7½	3¾	.	...	Zimmerknit, c.	120	5½	5¾	5	5

† 1938.
▲ On account of arrears. b New York quotations.
‡ Plus extra of $2 paid Feb. 1, 1937.
• Plus stock bonus of 1% paid Jan. 2, and 1% Mar. 26, 1937.
■ Of which $2 is capital distribution.

Mining Stock Quotations

WEEK ENDED SEPTEMBER 20

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Sept. 21, 1937

Public Utility Issues:	Int. Rate %	Due	Bid Sept. 21	Asked	Bid Sept. 14
†Assoc. Tel. & T.	5½	'55	77	80	77
▲Avalon Tel.	5½	'48	101	...	102
Beauharnois P.	5½	'73	59	62	58½
‡Bell Telephone	5	'55	111½	114½	112
‡Do.	5	'57	116	119	117
B. C. Power	4½	'60	99	102	99
B. C. Tele.	4½	'61	105	108	105½
†Can. Nor. Pwr.	5	'53	103	106	103
‡Dom. Gas & El.	6½	'45	81½	84½	83½
†Gatineau Pwr.	5	'56	101	104	101½
‡Do., A	6	'41	100	103	100
‡Do., B	6	'41	100	103	100
Gt. Lakes Pwr.	4½	'56	93	93	94
‡Inter. Hydro-El.	6	'44	73½	76½	72
‡Inter. Power	6	'57	98	101	98
‡Do.	6½	'57	99	102	99
▲Do.	6	'55	100½	103½	100½
†Macl'n-Que. Pr.	5½	'61	99	102	99½
†Do.	5½	'64	98½	101½	99
†Mtl. Island Pr.	5½	'57	103	106	103½
†Mtl. L., H. & P.	3½	'56	99	102	99
†Mtl. Tramways	5	'41	99½	102½	103
†Do.	5	'55	76	79	78½
Nfld. L. & P.	4½	'56	97	100	97½
N. S. L. & Pr.	4	'57	97	100	97
†Ot'wa L. H. & P.	5	'57	103	106	103
†Ottawa V. Pwr.	5½	'70	103½	106½	103½
†Power Corp.	4½	'59	98½	101½	98½
Saguenay P., B	4½	'66	102½	105½	102½
•Do., A	4½	'66	101	104	101
†Shaw. W. & Pr.	4	'61	97½	100½	97½
†Do.	4½	'70	102½	105½	102½
†United Secs.	5½	'52	69	72	74
†West. Pwr. Co.	5	'49	...	...	103½
‡Wpg. Elec., A	4	'65	67½	70½	68
‡Do., B	4	'65	56	59	58
Industrial and Realty Issues					
†Abitibi P. & P.	5	'53	81	84	85½
Acadia Sugar	4½	'55	98½	101½	100
B. A. Oil	4	'45	101½	104½	101½
Brown Co.	5½	'46	82	85	84½
Canada Bread	6	'41	108	111	107
†Canada Cement	4½	'51	99	102	101½
†Canada Paper	4½	'52	95	98	96
Can. Steamship	5	'57	75	78	76
Can. Canners	4	'51	98	101	98½
Can. Bakeries	6½	'45	99½	102½	98½
‡Can. Inter. Pap.	6	'49	98½	101½	99½
C. P. R debs.	4	Per.	94½	95¾	94
Do.	3½	'51	94	97	94
Do.	4	'49	98	101	97½
Do.	4½	'44	99½	102½	100
†Can. Vickers	6	'47	94	97	95½
†Consol. Paper	5½	'61	78	81	84
▲Dom. Stl. & C.	6½	'55	98½	101½	100
Dom. Tar	4½	'51	100	103	100
†Donnacona P.	4½	'56	83	86	83½
†Famous Players	4½	'51	95	98	96
†Fraser Cos.	6	'50	103	106	103
†Gen. Steel W.	4½	'52	94½	97½	96
Great Lakes P.	5	'55	92	95	94
†Gypsum, Lime.	5½	'48	100	103	101
†Gr. Br. & Can. Invest.	4½	'59	82	85	82
Ham. By-Prod. Coke	5	'50	98½	101½	99
†Inter. Paper	6	'55	90	93	90
†Inter P. & P. Nfld.	5	'68	101	104	101½
Inter City Bak.	5½	'48	101	104	102
†Kingston Elev.	6	'50	95	98	95
Lake St. John P. & P.	5½	'61	99½	102½	100
Do.	5	'61	79	82	80
†Lond. Can. Inv.	4½	'48	92	95	93
†Massey-Harris	5	'47	95	98	96½
McColl-Fron.	6	'49	105	106	103
†Mersey Paper	6	'49	98	101	100
‡M. & O. Paper	6	'45	59	62	64
Nat'l Grocers	4	'47	100	...	100½
Nor. Ont. Bldg.	6½	'39	96½	99½	97
†Price Bros.	5	'57	97	100	98
‡Prov. Paper	5½	'47	101½	104½	101½
•Queen's Hotel	6	'47	98	101	98
‡Restigouche C.	6	'48	111	114	112
†Rolland Paper	5½	'51	102½	105½	102½
Ruddy & Co.	6½	'48	98	101	98
†Simpsons Ltd.	4½	'51	95½	98½	96
†Smith, Howard	4½	'51	100	103	102
†Steel of Canada	6	'40	109	112	109½
Sterling Coal	6	'40	94	97	94
•Twin City	5½	'52	70	73	70
United Amuse.	5	'56	97½	100½	98
United Corp.	5	'53	95½	98½	95½
Union Gas	4½	'50	98½	101½	99
Windsor Hotel	6½	'43	82½	85½	80
Do.	6	'47	41	44	40

‡Payable in Can. or U. S. †Payable in Can., U. S. or U. K. ▲Payable in Can or U. K. •Payable in U. S. only.

Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines
Sept. 21	45,100	66,700	457,000
Sept. 20	74,600	124,500	549,000
Sept. 18	26,000	104,900	334,000
Sept. 17	22,500	146,000	654,000
Sept. 16	31,500	66,200	537,000
Sept. 15	43,400	108,200	710,000

Municipal Bonds

September 22, 1937

	Rate	Due	Bid	Ask.	Yld.
†Halifax	5	1961	110.50	112.00	4.20
Hamilton	5	1950	113.00	115.00	3.55
Montreal	5	1945	105.00	106.50	3.98
Ottawa	4½	1945	108.50	110.60	3.00
†Quebec	5	1959	104.00	106.00	4.56
Saint John	5	1950	106.50	108.00	4.22
†Toronto	4½	1955	111.50	113.50	3.47
†Vancouver	5	1950	90.00	94.00	5.67
Winnipeg	5	1944	98.00	102.00	4.64

†Payable Can. and N. Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	3.95	4.35
Can. Invest. Fund	4.00	4.40
All Can. Trustee	12.25	12.75
Trans Canada	13.45	...
Grouped Income	5.59	6.15
Can. Equity	12.50	...
Can. Int. Tr., modified	5.75	6.25
Do., unmodified	5.25	5.75

Public Utility Earnings

Brazilian Traction

	1937 $	1936 $	Increase $
August:			
Gr. earn.	3,556,495	2,772,806	783,689
Oper. exps.	1,570,167	1,242,186	327,981
Net earn.	1,986,328	1,530,620	455,708
8 Mos. ended:			
Gr. earn.	25,665,802	20,772,022	4,893,780
Oper. exps.	11,491,071	9,396,345	2,094,726
Net earn.	14,174,731	11,375,677	2,799,054

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Sept. 21, 1937

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, pfd.	4.00	4.50
Acme Farmers Dairy, pfd.	35.50	42.00
Algoma Steel, com.	11.00	12.00
Do., pfd.	69.50	72.00
Andian Nat. Corp.	49.50	51.50
Assoc. Tel. & Tel., pfd.	36.00	39.00
Barrymore Cloth, pfd.	28.25	29.00
Brandram-Henderson, com.	5.25	6.00
Do., pfd.	20.50	....
British N. A. Aviation	4.00	....
B. C. Pulp & Paper, com.	39.00	41.00
Do., pfd.	101.00	104.50
Burns & Co., A	7.00	9.00
Do., B	3.00	4.00
Can. Airways	4.50	6.00
Can. Industries, A com.	235.00	....
Do., B com.	225.00	228.00
Do., pfd.	151.00	154.00
Can. Ingersoll Rand	127.00	130.00
Can. Tube & Steel, com.	10.00	13.50
Do., 1st pfd.	110.00	120.00
Can. Westinghouse	59.25	62.00
Chase, A. W., pfd. bonus	27.00	....
Claude Neon, pfd.	7.50	11.00
Conduits Nat., com.	4.50	5.50
Dom. Found. & Steel, pfd.	97.25	100.00
Dominion Woollens, pfd.	3.00	4.00
Dunlop Tire, pfd.	91.25	94.25
Federal Grain, pfd.	26.50	31.00
Goderich Elevator	4.35	5.20
Guelph Carpet, pfd.	105.00	107.00
Do., com.	24.75	28.50
Hayes Steel Prod., com.	9.50	10.75
Do., pfd.	7.75	8.75
Highland Dairy, pfd.	78.00	82.50
Huether Brewing, pfd.	2.00	....
Kingston Shipbuilding Units	6.00	....
Loblaw's Inc. (U.S.) Units	81.00	87.00
McCormick's, com.	4.50	5.20
Do., pfd.	14.00	....
Morrison Brass, pfd. bonus	10.00	12.50
Mount Royal Hotel, pfd.	4.00	4.75
New Method Laund., pfd. bonus	91.00	94.50
Paterson, Wm., pref.	100.00	....
Perfection Pete., pfd.	22.00	24.00
Provincial Paper, pfd.	107.00	107.50
Reliance Grain, pfd.	....	81.75
Rob. Cons. Cone	10.00	11.00
Ruddy, E. L., pfd.	....	33.00
Seal O Sac (Can.)	7.75	9.00
Standard Fuel, com.	4.30	5.25
Do., pfd.	....	90.25
Supertest Pete., B pfd.	26.00	28.00
Toronto Carpet, com.	53.50	57.00
Do., pfd.	58.00	62.75
United Steel, A pfd.	16.50	17.75
Viceroy Mfg., pfd. & rts.	15.00	16.00
Western Grain, pfd. bonus	4.50	6.50
Weston (Geo.) Foods (Eng.)	2.50	3.00
Wings Limited	.65	.90
Zellers Ltd., pfd.	81.00	....
Trusts and Loan Stocks:		
Chartered Trust	98.00	102.00
Commercial Fin., com.	2.50	2.90
Guelph Ont. Inv., par $50	49.00	52.00
London & West. Trust	50.00	55.00
Prudential Trust	5.50	....
Sterling Trust	41.00	....
Traders Fin., A com.	13.00	17.00
Do., Inc. Rights	10.00	12.50
Do , B, pfd. bonus	91.00	95.00
Trusts & Guarantee	28.50	30.00
Insurance Stocks:		
Canada Life	530.00	540.00
Canadian Ins. Shares	16.50	19.50
Confed. Life 20% pd.	114.00	118.00
Dominion Fire	134.00	....
Dom. of Can. Gen.	120.00	130.00
Empire Life 25% pd.	12.50	13.50
Federal Fire 25% pd.	42.00	....
Great West Life	320.00	330.00
Guar. of N. A., fully pd.	310.00	325.00
Do., 20% pd.	58.00	....
Halifax Fire	23.50	24.50
Imperial Life	350.00	375.00
Manufacturers Life	260.00	270.00
Monarch Life 10% pd.	24.50	26.25
Sovereign Life, 25% pd.	15.25	17.00
Sun Life	590.00	630.00
Western Assce., pfd.	39.00	42.00
Do., com.	49.00	52.00
Theatre Stocks:		
Allens Kingston, pfd.	66.00	....
Do. St. Catharines, pfd.	58.00	....
Do., Tor., pfd. bonus c.	29.00	31.50
Loew's London, pfd.	2.15	2.90
Mansfield Theatre, pfd.	27.00	31.00
Paramount Kitchener, pfd.	55.50	60.00
Do., Oshawa, pfd.	86.00	93.00
United Amusement, A, V.T.	17.50	20.00
Do., B	17.50	20.00
Investment Trust Shares:		
Can. Gen. Invest. Ltd.	9.00	9.65
Can. Investment Fund	4.00	4.40
Can. Investors	8.00	8.75
Cons. Div. Std. Sec., com.	.20	....
Do., pfd.	16.00	....
Invest. Found., pfd. bonus	55.00	58.00
Lon. Can. Invest., com.	3.00	4.00
Sec's. Hold., pfd. bonus	20.00	22.50
United Corpns., A	23.50	24.25
Do., B	....	20.00
Power Issues:		
Can. West. Nat. Gas., com.	25.00	27.00
Do., pfd.	84.00	86.75
For. Power Sec's., pfd.	7.00	9.00
Great Lakes Power, pfd.	98.75	....
Inter. Util., $1.75 pfd.	13.50	15.75
Do., $7 pfd.	93.75	....
Montreal Island Pwr., pfd.	16.00	20.00
New Bruns. Tele., com.	13.50	14.50

Winnipeg Stocks

(Transactions from Sept. 13 to Sept. 18)

	Sales	High for period	Low for period	Close Sept. 18
Cryderman	5,000	.01	.01	.01
Dom. Envelope.	35	2.50	1.50	2.50
Do., pref.	2	96.00	96.00	96.00
Flin Flon	2,300	.05½	.05½	.05½
Forty Four	20	1.00	1.00	1.00
Gt. Falls M. & S.	5,500	.05	.05	.05
Gurney	3,200	.30	.28	.30
Gt. West Life	1	326.00	326.00	326.00
Marvel Oils	11,000	.05½	.05	.05
Monarch Life	30	26.00	26.00	26.00
Ore Grande	1,000	.02	.02	.02
Packsack	1,000	.11	.11	.11
Sachigo River	40	15.00	14.00	14.50
Star Lake	500	.02	.02	.02
West. Brew.	200	1.25	1.25	1.25
West. Steel, pf.	20	14.00	13.00	14.00
Wylie Dom.	1,300	.28	.25	.25½
Wpg. R. Tin	10,000	.01½	.01½	.01½
Wallace Lake	7,500	.01½	.01	.01
Wings Ltd.	100	.85	.85	.85

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	..	100
Can. Indemnity	125	..
Federal Grain, com.	..	4
Federal Grain, pref.	..	35
Northern Can. Mtge., pf.	3	
Northern Trust	7	8¾
North. Mtge., par paid	..	2
Reliance Grain, pf.	..	86
Traders' Bldg.	88½	..

*Stocks more active on other exchanges not included.

Listed Bonds

Week Ended Sept. 20

	Int. rate	Due	High	Low	Range 1937 High	Low
Mtl. L. H. & P. Debs.	3	'39	50¾	50½	50¾	50½

Unlisted Mines

Sept. 21, 1937

	Bid	Ask.
Albany River	.55	.58
Algold	.35	.37
Altura	..	.08½
Armistace	.05	.07
Arno	.02	.03
Area	.02½	.03½
Augite	.11	.12
Bailor	.02	.03
Barber Lar.	.09	.11
Bathurst N.	.01	.02
Bilmac	.08	.10
Bear	.17	.20
Big Master	.05	.06
Cuniptau	.03	.04
Calder B.	.04	.05½
Cal. Fl. F.	.02	.03
Can. Pan.	.03	.10
Can. Kirk.	.01	.01½
Candalaca	..	.35
Casey Con.	.01½	.01½
Chesterville	..	1.00
Coin Lake	.03	.05
Condor O.	.02	.03
Cooke Lake	.25	.27
Coulson C.	.06	.07
Cres. Kirk.	.03½	.04½
Dawson White	.09	.10
Dempsey C.	..	.05½
Denison N.	.30	.32
Doreva	.15	.17
Desantis N.	.23	.30
Delosha	.17	.17½
Dunlop N.	.03	.07
El Bonanza	.08	.10
Electra Porc.	.03	.08
Eva Lake	.03½	.07
Elmos	.03	.08
Faulkenham	..	.31
Fernland	.17	.19
Fleming	..	.18
Franklin	.01	.02
Frontier	.06	.08
Galatea	.01	.01½
Garnet	.02½	.03
Gateway Pat.	.03	.05
Gilbec	.02	.03
Gold R.	.03	.03½
Goldside	.02¾	.03½
Golden Gate	.45	.47
Gordon Lebel	.03½	.07
Gull Kk.	.01¾	.02½
Hudson Pat.	.03½	.04½
Hislop	.04	.05
Horseshoe	.01½	.01¾
Hutch Lake	.11	.12
Hugh Pam.	.05	.08
John Nip.	.03	.04
Kaw Crow	.04	.05
Kenocho	..	.10
Kenricia	.30	.33
Kewgama	.29	.32
King Kirk.	.01	.01½
Kir. Vit.	.09½	.10½
Kir. Hnt.	.03	.04
Lake Rowan	..	.30
Lamaque	6.00	6.50
Lafayette	.02	.03
Lake Geneva	.41	.43
Lardego	.06¾	.07½
Mag. Lake	.03	.07
Mag. Cn.	.15	.17
Malartic	..	.23
Mart. McN.	.04	.05
Mart. Bird	.39½	.40½
Margaret	.22	.24
Match. C.	.10	.13
Moffatt N.	.05½	.07
McFarlane	.09	.10
McCarthy Webb	.16	.19
McVittie K.	.03	.04
Monarch	.05	.03
Mooshla	.10	.12
Mosher	.15	.16
Norlake	.05	.07
North Shores	.02	.03
Oklend	.12	.14
Oriole	.05	.06
Ossian	.01	.01¾
Pascalis	.23	.28
Porc. McNabb	.03	.04
Potterdoal	.02	.02½
Plains P.	2.30	2.50
Porc. Tri.	.07	.09
Pont. R.	.09	.11
Pelangio	.07	.08
Proprietary	1.35	1.40
Que. Man.	.46	.49
Rajah	.04½	.05½
Richmac	..	.25
Ribago O.	.02	.04
Ribago N.	.09½	.10
Roeanor	..	.08
Rouyn Reward	.03	.04
Rubec	.02	.03
Sand River	.20	.23
Shenango	.13	.15
Skookum	.05	.05½
Siscoe Ex.	.19	.21
Smelters	.01¾	.02½
Spooner	.08	.10
Sturgeon River	.20	.23
Springer	.08	.09
Straw Lake	.10½	.11½
Sun Bear	..	.17
Tonawanda	.02	.03
Tripple Lake	.35	.37
Upper Can.	.19	.21
Wascana	.09	.11
Williamson	.06½	.07½
Wesley	.10	.12
Westside	.04½	.05½
West Red Lake	.02½	.03½
White Horse	.10	.12
Wendigo	.21	.23
Winoga	.08	.10
Woco	.18	.19
Young D.	.17	.19
Ypres C.	.10½	.12

Government Bonds

Dominion of Canada Bonds

	Sept. 22, 1937	Bid	Asked	Approx. Yld.
2	15 Nov. '39	101.25	101.75	1.18
2½	15 Oct. '39	102.25	102.75	1.16
4	15 Oct. '39	105.00	105.50	1.31
1½	1 June '40	100.00	100.50	1.31
4½	1 Sept. '40	107.25	107.75	1.80
1	15 Mar. '41	97.50	98.00	1.59
5	15 Nov. '41	110.00	110.75	2.27
3	15 Oct. '42	103.25	104.00	2.15
2½	1 June '43	101.00	101.50	2.22
5	15 Oct. '43	111.50	112.00	2.84
4½	15 Oct. '44	110.10	110.65	2.84
‡2½	15 Aug. '45	99.00	99.75	2.53
4	15 Oct. '45	106.25	106.75	▲2.78
4½	1 Feb. '46	110.00	110.50	3.07
3¼	1 June '49	100.85	101.35	▲3.07
3½	15 Oct. '49	102.40	102.90	▲3.04
4	15 Oct. '52	106.00	106.50	▲3.26
3	1 June '55	96.75	97.25	3.20
4½	1 Nov. '56	109.25	109.75	▲3.29
4½	1 Nov. '57	109.35	109.85	▲3.38
4½	1 Nov. '58	110.00	110.50	▲3.39
4½	1 Nov. '59	110.15	110.65	▲3.44
‡3¼	15 Jan. '61	98.75	99.25	3.30
3¼	1 June '66	98.00	99.00	3.30
‡3	Perp. bds.	87.00	88.00	3.41
Dominion Guaranteed Bonds				
Canadian National Railway:				
3	1 May '44	101.50	102.25	2.36
3	15 Dec. '50	96.00	97.00	3.28
3	15 Feb. '53	95.25	96.25	3.31
*4½	1 Sept. '51	112.50	113.25	3.31
*4½	1 Feb. '56	112.75	113.50	3.50
†4½	1 July '57	112.50	113.25	3.56
*4¾	15 June '55	115.50	116.25	3.53
5	1 Feb. '54	116.25	117.25	3.60
*5	1 July '69	115.50	116.25	▲3.02
*5	1 Oct. '69	117.50	118.25	▲3.51
Provincial Government Bonds				
New Brunswick:				
4	1 Sept. '54	99.00	101.00	3.92
†4½	15 Apr. '61	104.00	105.50	4.12
†5	15 Jan. '60	107.50	109.50	4.33
Nova Scotia:				
3	2 Sept. '45	97.00	98.50	3.20
4½	15 May '43	106.00	107.50	3.08
†4½	15 Sept. '52	108.00	109.00	▲3.43
†5	1 Mar. '60	115.50	117.50	3.86
Ontario:				
3	1 Dec. '51	95.75	96.50	3.30
*4	1 June '62	105.50	106.50	3.60
4½	1 June '50	110.00	111.00	3.44
*4½	15 Jan. '62	114.00	116.00	3.52
5	15 Oct. '48	114.00	115.00	3.41
*5	2 Dec. '60	119.00	120.50	3.68
5½	1 July '46	115.50	116.50	3.33
Ont. Hydro Comm.:				
3½	1 Apr. '47	102.25	103.00	3.15
4¾	1 Jan. '70	116.00	117.00	3.83
Prince Edward Island:				
3	1 Oct. '45	97.00	98.50	3.21
Quebec:				
4	15 Mar. '52	105.00	106.25	3.46
4¼	1 Aug. '58	108.25	109.75	3.58
4½	2 Jan. '63	110.50	112.00	3.77
Alberta:				
4	15 Dec. '54	52.50	54.50	§
†4	1 Dec. '57	52.50	55.00	§
4½	1 Oct. '51	62.00	67.00	§
†4½	1 Oct. '56	56.00	58.00	§
†5	1 Jan. '48	57.00	59.00	§
5	1 Sept. '55	57.00	59.00	§
*5	1 Oct. '59	58.00	60.00	§
†5½	1 Jan. '47	58.00	60.00	§
6	1 Mar. '47	62.00	64.00	§
British Columbia:				
†4	1 Dec. '57	90.00	92.50	4.57
*4½	15 Jan. '51	97.25	98.25	4.67
†4½	1 Oct. '53	95.50	97.00	4.76
†5	15 Jan. '48	99.50	101.00	4.87
5	1 Sept. '53	99.50	101.00	4.91
5½	1 Feb. '45	101.00	102.00	5.17
6	15 Feb. '47	103.00	104.50	5.38
Manitoba:				
4	2 Jan. '50	81.50	83.00	5.95
†4	1 Dec. '57	82.50	84.00	5.28
†4½	15 Dec. '56	83.50	86.50	5.65
†5	15 June '54	90.50	92.00	5.74
*5	2 Dec. '59	91.00	93.00	5.55
5½	1 Oct. '55	93.00	94.50	6.00
6	1 Apr. '47	97.50	99.00	6.13
Saskatchewan:				
4	15 Aug. '53	64.00	67.00	7.60
4	1 Nov. '60	62.00	64.50	7.14
*4½	2 July '45	71.00	74.00	9.23
†4½	1 Oct. '51	75.00	79.00	6.86
†4½	15 Mar. '60	66.50	69.50	7.27
5	1 Aug. '58	71.50	74.00	7.47
†5½	15 Nov. '46	75.00	79.00	8.90
5½	1 Oct. '52	73.00	76.00	8.27
6	15 Mar. '52	75.00	78.00	8.70

*Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ▪Payable N.Y. ‡Callable on or after Sept. 15, 1966. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Mining Dividends

	Rate	Close Sept. 20	Yield %
Anglo-Huronian	20c	4.50	..
Beattie Gold	5c	1.01	..
Bralorne	40c+35c	7.60	*9.8
Buffalo Ankerite	50c+12½c	9.75	*6.4
Bulolo Gold	‡1.50	23.63	..
Can. Malartic	†5c	1.08	..
Cariboo	10c	1.55	6.4
Central Patricia	8c	2.10	..
Coniagas	12½c	2.15	..
Coniaurum	5c	1.20	..
Cons. Smelters	50c+$1	67.00	*2.2
Dome Mines	$2+$2	38.75	*10.3
Falconbridge	30c	6.00	5
Hollinger	65c+45c	11.00	*10
Howey Gold	4c	.32	..
Hudson Bay	75c	24.00	..
Island Mountain	‡5c	.67	..
Inter. Mining	45c	10.00	..
Inter. Nickel, com.	$2	52.50	3.8
Kerr Lake	5c	.30	..
Kirk. Lake	‡6c	1.28	..
Lake Shore	$4+$1	48.00	*10.4
Lava Cap. M.	10c	.89	..
Little Long Lac	30c	4.70	..
Macassa	15c	4.75	3.1
McIntyre	$2	33.25	6
McKenzie Red Lake	4c	1.07	..
McKinley Sec.	5c	.45	..
Noranda	‡$1.75	52.00	..
Nor. Can. Mining	6c	.70	..
Nipissing	25c	2.00	..
Placer Develop.	‡60c	13.50	..
Premier	12c+4c	2.10	*7.6
Pioneer, B.C.	40c	3.60	11.1
Pickle Crow	40c	4.85	8.2
Reno	12c	.80	15
San Antonio	7c	1.40	..
Sheep Creek	8c+2c	.87	*11.4
Siscoe	20c+1c	3.05	*6.9
Sudbury Basin	†10c	3.25	..
Sullivan Cons.	†2½c	1.05	..
Sylvanite	20c+5c	2.85	*8.7
Teck-Hughes	40c+5c	4.90	*9.2
Toburn	8c	2.05	..
Ventures	†12½c	6.50	..
Wright-Har.	40c+35c	6.40	*11.7

‡Interim. †Initial.
*Yield includes bonus.

Mining Options

East Malartic Mines—An additional 10,000 shares have been taken up at 80 cents under agreement of Oct. 31, 1935. Balance of option comprises 83,334 shares at 80 cents.

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Homestead Oil and Gas—Payment received for 25,000 shares at 50 cents due Sept. 16 under option and underwriting dated July 16, 1937. Balance comprises option on 25,000 shares at 50 cents; 50,000 shares at 60 cents, and 50,000 shares at $1 with next installment due Oct. 16. Total issued capital stands at 1,374,000 shares.

• • •

Lapa Cadillac Gold Mines—Sept. 15 installment covering 50,000 shares at 40 cents under agreement dated Nov. 30, 1936, received. Balance of agreement comprises option on 25,000 shares at 40 cents per share and 200,000 shares at 50 cents per share with next installment due Oct. 15. Total issued capital is now 2,726,765 shares.

• • •

Naybob Gold Mines—An extension of time granted to underwriters in connection with Sept. 10 installment covering 25,000 shares at 42 cents as well as further extension of Aug. 10 installments, under agreement dated June 16, 1937, pending completion of registration with Securities and Exchange Commission of Washington.

• • •

Pacalta Oils—Ten thousand shares issued Jan. 22, 1937, to the secretary of the company for services rendered and on Jan. 28, 1937, 1,000 shares issued to another party for services rendered, it is now revealed. Issued capital now 1,899,840 shares.

• • •

Paulore Gold Mines—Sept. 15 installment, covering 50,000 shares at 35 cents, under option agreement dated Nov. 2, 1937, as amended, has been extended to Nov. 15, 1937, and all subsequent installments have been extended for a corresponding period. Total issued capital now stands at 2,111,076 shares.

• • •

Payore Gold Mines—Sept. 15 installment of $10,000 covering purchase of 38,889 shares at 22½ cents and 5,000 shares at 25 cents under the option agreement of March 17, 1937, received. To date, 250,000 shares at 22½ cents and 5,000 shares at 25 cents have been taken up under agreement and balance of option comprises: 195,000 shares at 25 cents; 260,000 shares at 27½ cents; 175,000 shares at 35 cents; 225,000 shares at 50 cents; 225,000 shares at 75 cents, and 225,000 shares at $1, with next installment of $10,000 due Oct. 15.

Sherbrooke St. Realty Meeting on Oct. 8

From Our Own Correspondent

MONTREAL.—Owing to lack of a quorum, the special meeting of the holders of the 6½% first mortgage bonds of Sherbrooke Street Realty Corp. has been adjourned until Oct. 8.

DIVIDEND NOTICES

THE DOMINION BANK

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up capital stock of this Institution has been declared for the quarter ending 30th September, 1937, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Friday, the 1st day of October, 1937, to shareholders of record of the 20th September, 1937.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 12th August, 1937.

Imperial Bank of Canada

DIVIDEND NO. 189

Notice is hereby given that a Dividend of two and one-half per cent. (2½%) has been declared for the quarter ending the 30th October, 1937, payable at the Head Office and Branches on and after Monday, the 1st day of November next, to shareholders of record of 30th September, 1937.

By order of the Board.

H. T. JAFFRAY,
General Manager.

Toronto, 15th Sept., 1937.

Canada Bread Company Limited

First Preference Shares

Notice is hereby given that a dividend of $1.25 per share has been declared on the First Preference shares of the Company, payable October 1st, 1937, to shareholders of record at the close of business on September 20th, 1937.

Class "B" Preference Shares

Notice is hereby given that a dividend of 75 cents per share has been declared on the Class "B" Preference shares of the Company, payable October 1st, 1937, to shareholders of record at the close of business on September 20th, 1937. The foregoing dividend declaration covers regular quarterly dividend of 62½ cents per share, together with arrears of 12½ cents per share.

By order of the Board,

W. S. ANTLIFF,
Secretary-Treasurer.

Toronto, Ontario,
Sept. 16th, 1937.

The Sherwin-Williams Company of Canada, Limited

Notice is hereby given that the Ninety-eighth Quarterly Dividend of One and Three-quarters per cent. (1¾%), being at the rate of Seven per cent. (7%) per annum for the Quarter ending November 30, 1935, on the Preferred Stock of the Company, has been declared payable to Shareholders of record the 15th day of September, 1937, and that cheques will be mailed October 1, 1937.

Books not closed.

By Order of the Board.

P. W. HOLLINGWORTH,
Secretary-Treasurer.

Montreal, Que.
September 8, 1937.

Dividend Notice

Northern Canada Mining Corporation, Limited

Notice is hereby given that an interim dividend of Four Cents (04c.) per share on the outstanding capital stock of the corporation has been declared by the Directors of the Corporation payable November 1st, 1937, to shareholders of record at the close of business on October 1st, 1937. The Canadian five per cent (5%) tax will be deducted from dividends paid to non-residents.

Shareholders are particularly requested to see that certificates held by them are properly registered on the books of the corporation. As mentioned above, the dividend is payable to **shareholders of record on October 1st, 1937.** Our transfer agents are The Trusts and Guarantee Company, Limited, 302 Bay Street, Toronto, Ontario.

By Order of the Board.

H. F. Cassidy,
Secretary.

Toronto, 9th September, 1937.

Chartered Trust and Executor Company

Notice is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending September 30th, 1937, payable October 1st, 1937, to shareholders of record at the close of business September 15th, 1937.

By Order of the Board.

E. W. McNEILL,
Secretary.

Dated at Toronto,
September 1st, 1937.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.50 per Share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after
1st October, 1937,
to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,

WALTER GILLESPIE,
Manager.

2nd September, 1937.

A. J. PATTISON Jr. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Week in Wheat

Market Tone Strong Despite Bearish News

Russian Exports and Rumanian Selling Pressure Disturbing, But Supplies Afloat Dwindle to Dangerous Proportions

From Our Own Correspondent

WINNIPEG.—The wheat market has been more bullish than actual news. The theory is that this shows a fundamentally strong situation and that increased buying from Europe in the near future is forecast by market indications as well as by the statistical position.

Bearish news includes reports of Russian wheat of good quality arriving in Rotterdam, suggesting larger exports than anticipated and rumors of selling pressure from Roumania. Failure of some negotiations for a sale of wheat by Roumania to Germany is also construed as indicating possibly that Germany expects to rely even more than usual on this year's big crop of potatoes.

But overseas markets are impressed by the fact that supplies of wheat afloat are now reduced to about 20 million bushels. It will soon have to be loaded at a more rapid rate than during the past few months. Some actual accumulation of supplies both in Canada and in the United States in anticipation of such larger shipments is believed under way.

Exports Small But Steady

Export buying of Canadian wheat, although still in limited volume, has been comparatively good during the past week. In spite of the high premiums the present rate of selling is adequate to dispose of the limited quantities Canada has to sell this year. If Canada had more wheat to spare, or if sales were not keeping up, the extent of prevailing premiums would be a matter of concern to grain exporters and there would be grave doubts as to the ability of the Canadian market to maintain position so high above the United States and other markets.

It is probable that the British duty of six cents a bushel on non-Empire wheats is an important factor in the present price situation. It keeps the British millers buying some Canadian wheat, instead of switching over more completely to United States hard winters. While the same advantage does not prevail in Continental markets millers there are willing to pay high premiums for limited quantities of Canadian wheat The greater the percentage they use of domestic wheat the greater the need for some imported hard wheat to maintain flour quality.

Flour Millers Hit

The Winnipeg market continues to carry on with a narrow volume of trading, so thin as to come to a stop more or less frequently. There is comparatively little public speculative interest at the present time.

Canadian flour mills are fairly steady buyers for domestic trade, but their export sales are severely curtailed by high premiums on Canadian wheat. Some United States wheat is being bought by Canadian mills for mixing in export flour, just as some limited quantities of Canadian wheat continue to be bought by United States mills to keep up the standards of export flour from that country.

Possibility is discussed of United States flour finding a market in Canada in competition with Canadian flour. The price situation is getting more favorable. Some soft wheat flour is usually being brought into the Vancouver market.

• • •

High Grades Scarce

A sharp increase in premiums for cash wheat, which was a feature of the market last week, indicates a greater strength than is apparent from the quotations for futures. Supplies of all grades of wheat at eastern ports are getting low, and appear to be tightly held, largely, it is presumed, by exporters who have commitments for shipment in the near future.

Then it is believed that some exporters have booked a fairly considerable volume for October shipment, and while covered in the futures market, are finding difficulty in getting supplies of actual wheat. That is particularly the case with No. 1 Northern. Not only has a considerable part of the wheat reaching terminals so far been durum grades, but a large additional volume has failed to reach top grades because of the presence of green kernels. The percentage of such wheat is expected to increase as Alberta shipments come out. There is much good wheat in the south but north of Calgary practically all will fall below No. 1 Northern, as a result of uneven ripening.

Low grading is much more marked in durum wheat than in the northern grades. Little over 5% of the durum marketed so far has reached the best grade.

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New Wheat Prospects

Estimates of Australian wheat production continues to run in the neighborhood of 160 million bushels, which would mean that approximately 100 millions could be spared for export. At the same time continued roports of unsatisfactory moisture suggest that this estimate may be taken as a maximum, and that the actual out-turn is more likely to fall below.

Argentine conditions represent a possibility of much wider variation. The government of that country has released an estimate of wheat acreage at 17,586,000, which is practically the same as last year. This runs higher than private estimates, and is believed to include some land which, while seeded, has actually been abandoned and is unlikely to produce a commercial crop. Southern Argentina has apparently received sufficient rainfall, but complaints are reported from the important northern areas.

• • •

Ocean Freights

In England the Royal Grain Inquiry Commission had its attention called to the way in which one or the former routes for Canadian grain has been closed. Canadian wheat shipped through New York does not get the British preference, or, to put it more exactly, is taxed six cents a bushel, just as if it were grown in the United States instead of being only shipped from a United States port.

For several years that fact has been of no great consequence, as the cost of shipping from eastern Canadian ports has been about the same as the cost of shipping from New York. Rising freight rates, however, are putting shipments from Montreal at a disadvantage as compared with New York. The limiting factor on rates from the latter port is the demand of liners for cargo to fill space that otherwise might go empty, or be filled with ballast. At Montreal, however, the limiting factor is the search of tramp steamers for cargoes. With ocean freight rates rising throughout the world, tramps are not tempted to seek grain cargoes from Montreal except at freight rates which are considerably higher than liners demand from New York.

If quotations out of Montreal continue to advance, exporters may route Canadian wheat through New York and pay a British duty of six cents a bushel, and still be able to undersell duty free wheat shipped through Montreal.

DIVIDEND NOTICES

UNDER THE MANAGEMENT OF POWER CORPORATION OF CANADA LIMITED

Canada Northern Power Corporation, Limited

Common Dividend No. 33

NOTICE is hereby given that a Dividend of 30c. per share being at the rate of $1.20 per annum, has been declared on the no par value Common Stock of CANADA NORTHERN POWER CORPORATION LIMITED for the quarter ending September 30th, 1937, payable October 25th, 1937, to shareholders of record at the close of business on September 30th, 1937.

By order of the Board.

L. C. HASKELL, Secretary.

Montreal, August 24th, 1937.

Hollinger Consolidated Gold Mines Limited

Dividend Number 297
Extra Dividend Number 38

A regular dividend of 1%, and an extra dividend of 1%, making 2% in all, have been declared by the Directors on the Capital Stock of the Company, payable on the 7th day of October, 1937, to shareholders of record at the close of business on the 23rd day of September, 1937.

DATED the 16th day of September, 1937.

I. McIVOR,
Assistant-Treasurer.

Provincial Paper Limited

Notice is hereby given that Regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable October 1st, 1937, to shareholders of record as at close of business September 15th.

W. S. BARBER,
Secretary-Treasurer.

Toronto, Ontario.

POWER CORPORATION OF CANADA LIMITED

Second Preferred Dividend No. 41

NOTICE is hereby given that a dividend of one and one-half per cent (75 cents per share) being at the rate of 6% per annum has been declared on the 6% Non-Cumulative Participating Preferred Stock of Power Corporation of Canada, Limited, for the quarter ending September 30th, 1937, payable October 15th, 1937, to shareholders of record at the close of business on September 30th, 1937.

By order of the Board,

L. C. HASKELL, Secretary.

Montreal, August 27th, 1937.

Montreal Tramways Company

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of TWO DOLLARS AND TWENTY-FIVE CENTS ($2.25) per share, for the quarter ending September 30th, 1937, has been declared upon the paid in Capital Stock of the Company, to Shareholders of record on Monday, the 4th day of October, 1937, at 4 o'clock p.m. and payable on Friday, the 15th day of October, 1937. By order of the Board.

PATRICK DUBEE,
Secretary-Treasurer.

Thursday, September 16th, 1937.

Industrial Acceptance Corporation Limited

Notice of Dividend

NOTICE is hereby given that the following Dividends have been declared for the current quarterly period, payable on the 30th day of September, 1937, to Shareholders of record on the 20th day of September, 1937.

On the Cumulative Redeemable Preferred Stock at the rate of 5% per annum.

On the Class "A" Stock 37½ cents per share, plus an extra dividend of 12½ cents per share.

By Order of the Board.

J. B. PENNEFATHER,
Secretary-Treasurer.

Montreal, 17th September, 1937.

Protein Content Of Crop Lower

As was expected, analysis shows that the 1937 wheat crop, while of average quality in protein content, falls below that of last year. That is because large areas in southern Saskatchewan, where the highest quality wheat is normally produced, are quite without commercial crop this year. It is also because a large part of the wheat actually produced has been in Manitoba and parts of Alberta, where rainfall was fairly plentiful, and crops in consequence reasonably heavy.

Last year's crop was one of the highest in protein content ever produced in the west. It was so high that Canadian millers frequently found it necessary to search for low protein wheat to prevent flour from being unmanageably strong. In addition, some millions of bushels specially selected for the highest protein content were sent to the United States for mixing purposes, and the protein content of the remainder was still left above that of average years.

Commodities

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$ 9.50	$9.50	$6.50
Hogs	11.50	11.00	9.25
Copper, lb.	.14	.14	.09¾
Cotton, lb.	.0906	.0917	.1225
Rubber, lb.	.1858	.1918	.1650
Sugar, raw, lb.	.0340	.0350	.0350
Silk, lb.	1.90	1.86	1.74½
Wheat, Man. (bu.)	1.33¼	1.27⅛	1.07¾
Coffee, lb.	.09¼	.09¼	.08⅛
Hides	.15¾	.16	.12
Weekly Indices			
N. Y. Annalist*	94.7	93.9	85.4
Fishers'	92.4	91.2	84.1
N. Y. Journal of Comm.	89.5	88.5	82.9
Crumps (Brit.)	82.5	83.0	71.6
U. S. Labor	87.3	87.5	81.5
Canada (D.B.S.)	84.6	84.6	75.5

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (Aug.)	83.6	83.0	81.0
W'sale (Aug.)	85.6	87.5*	76.1
U. S. (July)	87.9	87.2	80.5
Gt. Brit. (July)	111.5	110.6	93.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price. Toronto: Copper-electrolytic, New York; Silk—Japanese, 13-15 New York; Sugar — 96 degrees centrifugal c/f New York; Wheat—No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides—No. 1 packer light native cows; Hogs—select bacons, Toronto.

*Revised.

Laidlaw Bale-Tie Bonds To Receive Initial 60%

Holders of the 7% first mortgage bonds of Laidlaw Bale-Tie Co. have been notified that a first installment of 60% of the principal amount of the bonds will be paid on Sept. 27, 1937, by The Royal Trust Co., Toronto. This payment will amount to $600 for each $1,000 bond.

The company's assets have been sold by judicial sale for the benefit of holders of the $155,500 of 7% first mortgage bonds. Exact amount of the final distribution to bondholders is not known yet.

Debate Release Of New Wheat

Coronation Rust Resistant But May Grade Too Low

From Our Own Correspondent

WINNIPEG.—Thatcher, which is in the limelight this year as a fully established rust resistant wheat, is a United States product. It was developed by Federal and State scientists in Minnesota.

Rust research laboratories of Canada have two resistant wheats to their credit, Reliance and Coronation, but comparatively small quantities of the seed of each have yet become available. Reliance is of high milling quality, equal to Marquis, and its multiplication and distribution are being encouraged. It is doubtful, however, if it will yield quite so well as Thatcher, although it will take several seasons to establish the facts in that connection.

Coronation Still Doubtful

Coronation has proved to be a good yielder, but the authorities are not yet satisfied that it is fully equal to Marquis, and consequently whether it can be graded higher than No. 3 Northern. Some conflicting reports have been made in this connection. While Canadian tests have been adverse to its quality, some tests overseas graded it as equal to Marquis. In the meantime, about 150,000 bushels of Coronation seed have been produced, through its gradual multiplication in the hands of a small group of Manitoba farmers, working with the Dominion Government. These have been required to sell their surplus to the Dominion Government. Whether that surplus should now be released for seed, in view of the great desirability of furnishing rust resistant seed wheat for a large part of Saskatchewan, is at present a matter of controversy.

Garnet Experience

Garnet wheat was released under almost similar circumstances, when an early wheat was sought for northern Saskatchewan and Alberta, which could be counted on to escape early frosts. Garnet has since proved to be of unsatisfactory milling qualities, and efforts are now being made to have it completely superseded. But there can be no doubt that during the years when Garnet was the only suitable wheat for the north country it added many millions of dollars annually to the value of the western crop.

May Be Released

Even if Coronation is not to be recognized as suitable for a higher grade than No. 3 Northern, farmers exposed to the danger of rust would probably prefer to grow it rather than be forced to take a chance with Marquis. The situation may possibly be taken care of by the discovery that available supplies of Thatcher will be sufficient to take care of all demands for a rust resistant wheat. In that event, the 150,000 bushels of Coronation now on hand would doubtless be sold to the Dominion authorities as No. 3 Northern wheat, awaiting definite proof as to whether it can be properly graded higher.

Low Price for Durum Wheats Worrying Manitoba Farmers

From Our Own Correspondent

WINNIPEG. — Manitoba farmers are worried over the problem of selling or holding their considerable quantities of durum wheats. This wheat was largely introduced into Manitoba because of its resistance to rust. It is principally used in making macaroni.

Durum at present is quoted at over 25 cents below the regular northern grades. If this is considered a discount on durum, then the situation looks favorable for holding. But the spread really represents a premium of Canadian northern grades above all other wheats. Canadian prices are running over 20 cents above Chicago, because of the relative scarcity of our type of hard spring.

Admitting this premium to be justified, a fact by no means generally conceded, there is no reason for a corresponding premium for durum. No. 1 durum in Winnipeg is selling at approximately the price of Chicago October wheat, and it can be laid down in Great Britain at approximately current prices for Russian wheat, or quotations in effect for January shipment of new crop Argentine. On such a basis, durum prices do not seem so far out of line.

Two Different Wheats

There is, in fact, little reason for similarity between prices for durum and bread wheats. When there is an excess of durum, the price can fall until some use for other purposes takes up the slack, as is now promised by an offer of the Saskatchewan Government.

Germany and Italy are the outlets which it is hoped will absorb the supply of durum this year. So far, however, exporters have been able to make little business. It is, of course, quite possible for a demand to develop later in the season. Next year, undoubtedly a large number of farmers, both in Canada and in the United States, will switch from durum to rust resistant and hard Thatcher wheat. When that fact is fully recognized, it may put some strength into the present durum situation, and possibly tempt dealers to carry over supplies against a possible shortage next year.

Wheat Prices

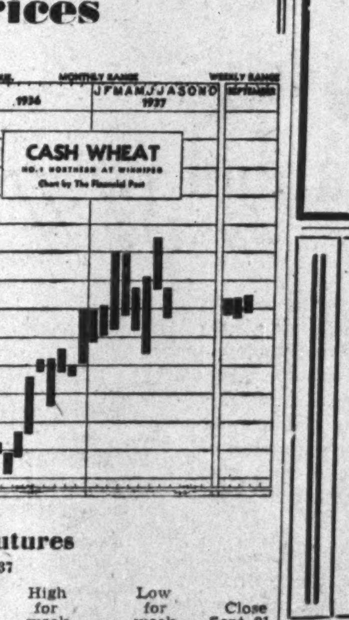
(Cash Quotations)

	For Week Sept. 21 High	Low	Prev. Week High	Low
1 Man. Hard	1.34½	1.30⅛	1.33½	1.27⅝
1 Northern	1.34	1.29⅝	1.33½	1.27⅛
2 Northern	1.30¼	1.25⅞	1.28¼	1.22⅞
3 Northern	1.22	1.18⅞	1.22½	1.17⅛
4 Northern	1.16½	1.12⅞	1.16¾	1.11⅛
5 Wheat	1.12¾	1.09⅛	1.12½	1.06⅝
6 Wheat	.98¾	.94⅛	.97½	.91⅝
Feed Wheat	.89¾	.85⅛	.89½	.83⅝
Vancouver: Week to Sept. 20:				
1 Northern	1.24¾	1.22⅜	1.27½	1.21⅝

Competitive Export Prices:
Sept.-Oct. shipments:

	Week to Sept. 21 High	Low
No. 1 North. (Atlan.)	1.58⅞	1.54⅝
No. 2 North. (Atlan.)	1.55¾	1.50
Australian	1.36⅞	1.35⅜
Indian (new crop)	1.33	1.30
U. S. Hard Winters	1.33¾	1.24½
Argentine (Rosafe)*	1.27⅞	1.26
Rumanian	1.18¼	1.15¼
Russian	1.25½	1.23¾

*New crop, Jan.-Feb.



Winnipeg Grain Futures

Week to Sept. 21, 1937

Crop year from Aug. 1, 1937 High	Low		Close Sept. 15	High for week	Low for week	Close Sept. 21
		Wheat				
1.32½	1.20¾	Oct.	1.25¾	1.28⅝	1.23¼	1.27¾
1.29½	1.17⅝	Dec.	1.23¼	1.24⅞	1.20⅞	1.23¾
1.30¾	1.19¼	May	1.24⅝	1.26	1.22⅛	1.24⅞
1.32	1.22⅝	Nov.	1.25½	1.27¾	1.23⅜	1.27½
		Oats				
.53⅞	.43¾	Oct.	.49⅝	.53⅞	.49⅜	.53⅞
.50	.40¼	Dec.	.47⅞	.50	.47⅜	.50
.49⅜	.42½	May	.47⅞	.49⅜	.47¼	.48¼
		Barley				
.62⅞	.54¾	Oct.	.58⅝	.61⅞	.58⅜	.61¾
.60¾	.52½	Dec.	.56	.59	.56⅝	.58¾
.58⅝	.53¼	May	.56⅞	.58⅝	.56⅝	.57¾
		Flax				
1.80¾	1.72¾	Oct.	1.76½	1.77⅞	1.75½	1.76⅛
1.80¼	1.72	Dec.	1.77	1.78¾	1.76	1.76½
1.81½	1.75½	May	1.81	1.81½	1.79	1.80
		Rye				
.94	.83	Oct.	.80	.90½	.85⅝	.89¾
.93	.80⅞	Dec.	.87⅜	.89⅞	.85⅜	.89⅛
.92	.82	May	.88⅛	.90½	.86⅜	.89¾

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WINNIPEG REGINA MONTREAL MOOSE JAW VANCOUVER SASKATOON TORONTO CALGARY KINGSTON EDMONTON

Draper Pilots Labor Parley Around Reefs

Common Sense Prevails at Congress on C.I.O. War Issues

REFORM DEMANDS

From Our Own Correspondent

OTTAWA.—The common sense which imbues the great rank-and-file of the Canadian trades union movement and the spirit of responsibility which animates its leaders were the twin facts which the 53rd annual session of the Canadian Trades and Labor Congress, just concluded here, demonstrated.

On questions on which the Congress might either have split the Canadian labor movement irrevocably or proceeded impulsively to adopt a viewpoint which would have led it into a position of absurdity—on such questions, in short, as the split between the A. F. of L. and the C.I.O. forces, the Spanish civil war, fixing minimum standards of wages by legislation, strikes against war, granting an equal voice to the unemployed in central councils, depriving the Supreme Court of power to disallow social legislation—the Congress and its leaders displayed resources of diplomacy.

On questions of direct concern to industrial craftsmen, on the other hand, the Congress and its leaders were forthright. They dealt in incisive fashion with such issues as the six-hour day and the five-day week, lower interest rates for home building, totalitarian state legislation such as the Quebec Government has recently enacted, and the need for reforms in the chaotic restaurant business.

C. I. O. Controversy

The overshadowing issue of the Congress was, of course, the controversy now in progress between the American Federation of Labor forces under President William Green and the Committee for Industrial Organization forces under President John L. Lewis. This was the issue which the gathering and its leaders handled with most successful delicacy. It came up twice in the course of the proceedings, the first time quite early in the life of the convention, the second time in its dying moments.

A resolution from Winnipeg first raised the topic. It advocated legislation to enforce collective bargaining on employers, to make company unions illegal, and to incorporate into Canadian statutes the main provisions of the United States Wagner Labor Relations Act.

Since it was largely through the Wagner Act that the drive of the C.I.O. was enabled to make such successful headway in the United States, the Winnipeg resolution was recognized as one of potentially major significance to the Canadian Labor movement. The Wagner Act not only enforces collective bargaining on employers with the majority of their employees, but also sets forth in elaborate detail how that majority shall be determined, and provides heavy penalties for any infraction of the secret balloting. It facilitates successful campaigns by strongly organized, militant groups in industrial plants, the method by which the Lewis forces have gained ground against the A. F. of L.

Draper Diplomacy

With the proposal to endorse the Wagner legislation for Canada before the convention, however, President P. M. Draper demonstrated efficient leadership. The Congress, he pointed out, would simply be butting its head against a stone wall with such a proposal, as not a Legislature in Canada would pass it. The convention recognized the truth of President Draper's statement and deleted from the Winnipeg resolution its demand for the adaptation of the Wagner Act to Canada, merely approving the principle of collective bargaining and opposition to company unions.

Congress later dealt explicitly with the A. F. of L.-C. I. O. split when it voted to have its executive offer its services as mediator between the warring American labor factions "with a view to bringing the present deplorable division in the ranks of labor to an end." With such mediation in prospect, the gathering decided to maintain the status quo of existing C.I.O. affiliates in the Congress. At the same time, it allowed no doubts to remain regarding its fealty to the American Federation of Labor.

The resolution which presented perhaps the greatest difficulty to the Congress delegates was a proposal from Calgary that unemployed organizations should have an equal "voice and vote" in central trades and labor councils. Potentially, the suggestion meant the swamping of craft councils by unemployed delegates. The unemployed characteristically cannot agree among themselves and usually have six or eight different groups in each city, each of which would have been entitled to representation in the council in accordance to their strength in numbers.

President Draper pointed out that no trades and labor council refuses to hear unemployed delegates, but that every council aided them in their fight fo: reasonable living standards of relief. He emphasized that to turn the trades and labor councils over to their control was an entirely different matter.

Anti-War Issue

Similar counsels prevailed in the discussion given resolutions favoring strikes to prevent war, and declaring in favor of the Spanish Loyalist Government. President Draper, in regard to the former, pointed out that the Congress was a voluntary association, with no power to enforce a strike order.

"Remember," he added, "a general strike is a strike against the State. I don't want to place this Congress in the ridiculous position of calling a general strike and not being able to enforce it. You know what happened in the last war. It would happen again. Members of international unions who talk of calling a strike would be among the first to volunteer in a new war. You couldn't stop them by passing a resolution."

Similarly the resolution to go on record in favor of the Spanish Loyalist Government, packed as it was with national, international, racial, political, and religious dynamite, was piloted to the point at which the Congress finally agreed to simply declare its sympathy with "international democracy wherever assailed."

The final issue was the proposal to deprive the Supreme Court of the power to overthrow social legislation which Parliament might pass. The debate came shortly after the Congress had denounced in no uncertain terms what it construed to be the attempt of the Quebec Government to dominate labor unions. The possibility was pointed out, accordingly, that Labor itself might well be in the position any day of needing the Supreme Court's power for its own protection to kill unconstitutional legislation aimed against it. The convention agreed and the resolution criticizing the court was dropped.

Altogether the tone of the Congress, despite the atmosphere of tenseness in labor matters which the developments of past months have created, was as conservative as any convention of the past—with possibly a greater sense of responsibility on the part of labor's leaders in evidence than ever before.

Increase in membership of the Trades and Labor Congress of Canada since the last annual convention was 18,133, according to Secretary R. J. Tallon. Total membership on which per capita is paid is 131,105 and this does not include members who, while active in affiliated unions, cannot pay because of unemployment. Debt on congress hearquarters has been pair off, Tallon said, and the organization now has a balance of $10,662.50. Total receipts for the year were $33,232, expenses, $22,570.

B. C. Apple Crop

Commercial fruit-growing areas of the interior of British Columbia will this year have an apple crop estimated at five million boxes, the largest for several years.

War-Scared Buy Fireproof Paint

Fireproof paints are now offered regularly on sale in Germany, according to Paint and Varnish Magazine. The product is said to contain nitrogen salts and synthetic resin. When subjected to flame the new paint develops an insulating foam crust which, it is claimed, protects wood effectively against burning.

Brown Plants Booked for '38

Orders Call For Capacity Operations; Earnings Are Higher

From Our Own Correspondent

MONTREAL.—Advance orders on the books of Brown Co., operating sulphite pulp mills in New Hampshire and Quebec, already exceed plant capacity for 1938. Further, it is stated by Herbert J. Brown, president, that earnings to date this year were more than twice the amount necessary to pay bond interest.

Brown Co., forced to forego bond interest in Sept., 1935, has experienced a sharp upturn in earnings since this action was taken. The latest report, covering the first 24 weeks of the current fiscal year which ends Nov. 30, showed net income of $567,736 after all charges.

In view of the marked advance in the demand for the company's products, the reorganization plan, as announced last month, contemplates an expansion programme, one phase of which would increase the capacity of its subsidiary, Brown Corp., at La Tuque, P.Q., to 600 tons a day from 300 at present.

Wings Ltd. Earns Operating Profit

Net is Equal to 31 Cents a Share in 13 Months

Net operating profits, after depreciation, as reported by Wings Ltd., Winnipeg, and its subsidiary Northwest Aero Marine Ltd., were $26,086 for the 13 months ended May 31, 1937, compared with a loss of $11,309 in the 13 months ended April 30, 1936. After allowing for income tax and including profit on sale of investments of $35,229 in the 1936-37 period, a net profit of $55,295 is shown.

Before including the profit on sale of investments, net operating profit for the year ended May 31, 1937, was equivalent to 14 cents a share on the 180,324 shares outstanding at the end of the period. After including profit on sale of investments and deducting provision for income tax, net profit was equivalent to 31 cents a share.

During the last fiscal period 3,039,178 pounds of freight and 11,440 passengers were carried. The company's business has held up well in the face of the declining mining activity. Substantial contracts recently received will ensure capacity operation of the company's fleet of nine aircraft working at capacity for several months. Seven of these airplanes are less than one year old.

During the year the company's capital stock was increased from 100,000 to 400,000 shares of $1 par value. Sale of 97,685 shares netted the company $119,845. Wings Ltd. has joined with McKenzie Airways Ltd., Edmonton, and General Airways Ltd., Toronto, to form United Air Service Ltd. United Air Services is intended to consolidate operations, pool purchases of supplies and equipment and facilitate bidding for air mail contracts.

Consolidated Income and Surplus Account

	13 Mos. ended May 31, 1937 $	12 Mos. ended April 30, 1936 $
Gross oper. revenue..	322,240	178,697
Less: Oper. & admin. exp.	260,722	169,501
Operating profit	61,518	9,196
Less: Deprec.	35,432	20,505
Net oper. profit	26,086	*11,309
Add: Profit on sale invest.	35,229	......
Less: Income taxes ..	6,020	......
Net profit	55,295	*11,309
Add: Prev. surplus ..	2,989	......
Less: Adjustments ..	474	......
Earned surp. fwd. ..	57,810	

*Loss.

Working Capital

	May 31, 1937 $	Oct. 31, 1936 $
Current assets*	138,984	96,463
Current liabilities	41,983	60,510
Working capital	97,001	35,953

*Includes investments at cost of $10,310 in 1937 and $12,320 in 1936; market value $29,190 in 1937 and $46,530 in 1936.

Ontario Industry Mobilized To Save Paralysis Patients

How business mobilized literally overnight for the construction of "iron lungs" when it became apparent that the infantile paralysis epidemic in Toronto was reaching record proportions is a dramatic episode in industrial history.

Joseph C. Bowers, former construction engineer, now superintendent of the Hospital for Sick Children, led the way. The single Drinker respirator available was tragically inadequate. U. S. manufacturers of the machine could not supply one for six days.

Bowers, his hospital engineer, Harry Bamforth and a carpenter bought parts, built a wooden air-tight pressure box to receive the patient and found their "home-made" respirator worked.

Within a few hours, All-Weld Co. Ltd., not a big firm, was at work on steel pressure boxes for more respirators. The Hospital for Sick Children needed more. Other hospitals were clamoring for machines The Ontario Department of Health wanted four.

Before All-Weld's day shift was off, the manager, aided by Bowers, had lined up another crew of metal workers and welders to carry on through the night. The boxes were being turned out far ahead of schedule.

Sunday Shifts

The next day, the Saturday before Labor Day the Ontario Department of Health ordered six respirators and the McGregor-McIntyre Iron Works, subsidiary of Dominion Bridge, was pressed into service. The plant was kept open over the week-end with shifts working all Sunday afternoon and night and until noon on Sunday. Trucks gathered necessary parts from other firms. The Acme Screw and Gear Co. turned over their big shop as an assembly plant, and by two p.m. on Sunday the six machines were in operation.

For this emergency work, the co-operating companies are receiving the cost of labor and material, contributing themselves incidental expenses such as power, plant management, etc.

Cost of the original Drinker machines was around $1,600. The early Bower machines, cut to the barest essentials for speed, were turned out for around $600. Later machines with refinements and extras are somewhere near $800.

What about patent infringement? Joseph Bowers doesn't know. He does know, however, that a Boston court declared the Drinker patents invalid late in 1935. The defendant successfully pleaded that the Drinker patents were awarded on information publicly available as far back as 1876.

"When the Ontario Government began ordering these machines from us, I pointed out that we might be running into trouble, but that lives were at stake and that I expected them to stand behind me whatever happened. They agreed," Mr. Bowers said. "Besides, we're not making them for profit. It's entirely a cost basis."

"Iron-lungs" are still being turned out without profit by Ontario firms under Bowers's supervision. There are 21 in use most of the time. Two have just been sent to the health department in Saskatchewan.

Logging Camps Cut Down Shifts

Companies Work on Six-hour Basis as Market Slumps

From Our Own Correspondent

VANCOUVER. — British Columbia's forest industries produced more than $72 millions last year, the third highest revenue so far recorded, but it is doubtful whether such a high figure will be attained this year owing to a slump in the market which materialized in mid-year and gives promise of continuing until the winter.

Some of the larger logging camps have laid off a shift and are working on a six-hour basis, because the demand for logs is not so great as a few months ago before high freight rates interfered with sales.

War in the Orient has put a temporary quietus on lumber sales in that sphere, China is blockaded, and Japan appears more anxious to concentrate on imports of products more essential for the prosecution of hostilities.

Canada Bread to Pay 12½c Off "B" Arrears

An extra payment of 12½ cents a share on account of arrears has been declared on class B preference stock of Canada Bread Co., payable Oct. 1 to shareholders of record Sept. 20. The stock is ex-dividend Sept 17 on the exchanges.

The regular quarterly dividend of 62½ cents on the class B preferred and of $1.25 a share on the first preference have also been declared payable on the same date. Arrears on the class B will amount to $2.37½ a share after the payment Oct. 1.

Mix the tang of autumn with the tonic of the sea

Nothing is so heartening as this seashore season out-of-doors—unless it's the hospitalities that go with it within these friendly beachfront hotels.

Here nothing has been overlooked to create the background of gracious, varied living sought by the Chalfonte-Haddon Hall type of guest. For three generations these hotels have been famous for their excellent food, courteous service, and spacious accommodations. You'll feel at ease the moment you arrive. Restricted clientele.

LEEDS AND LIPPINCOTT COMPANY

CHALFONTE-HADDON HALL

ATLANTIC CITY

The design of the 1938 registration plates is exceptionally attractive with Crown and Orange figures on Blue background.

To Save Ontario Motorists Time and Money

1938 Motor Vehicle Permits Are Now Available

DUE to the advance in the new car purchasing season and the fact that increasingly large numbers of used cars and trucks are now purchased at this time of year and following the practice established last year which met with such favourable reception on the part of the motoring public, 1938 Motor Vehicle Permits and Operators' Licenses are being made available in advance of the date of expiration of 1937 permits.

1938 Permits (now available) save the purchaser of a new car or truck the expense of 1937 registration.

They save the purchaser of a used car or truck the fee for transferring the 1937 registration (1938 Permit can be procured without transfer fee).

As indicated in the Budget Address delivered on March 9th of this year, the Government is able to announce a downward revision in the fees for the registration of Motor Vehicles.

PASSENGER CAR REGISTRATION FEES	1937 Fee	1938 Fee
4 cylinders..................	$ 7.00	$ 2.00
6 cylinders, up to and including 28 horse power ..	12.00	7.00
6 cylinders, over 28 horse power....	15.00	10.00
8 cylinders, up to and including 35 horse power....	15.00	10.00
8 cylinders, over 35 horse power....	20.00	15.00
12 cylinders..................	30.00	25.00
16 cylinders..................	40.00	35.00

(S.A.E. rating of horse power shall be used)

All Commercial Motor Vehicles and Trailers have been reduced 25% from the 1937 rate.

The Fee for the registration of a change of ownership has been reduced from $2.00 to $1.00.

Fee for the Registration of a Motor Cycle has been reduced from $3.00 to $1.00.

CHANGE OF LICENSE YEAR

The Government having decided to change the license year to coincide with its fiscal year, 1938 permits and licenses will be valid to March 31st, 1939.

T. B. McQuesten
MINISTER OF HIGHWAYS
PROVINCE OF ONTARIO

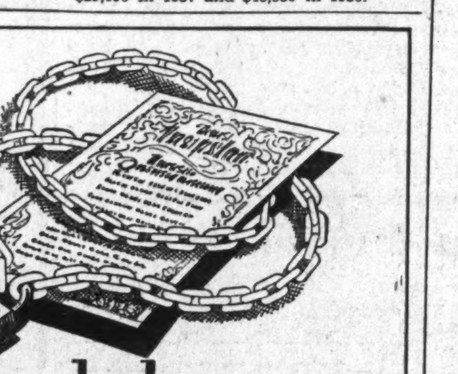
This advance sale of 1938 Motor Vehicle Permits and Operators' Licenses is for **your** convenience.

Secure YOUR License Early!

The World's LARGEST SELLING QUALITY PENCIL

VENUS DRAWING PENCILS 10¢

MADE IN CANADA



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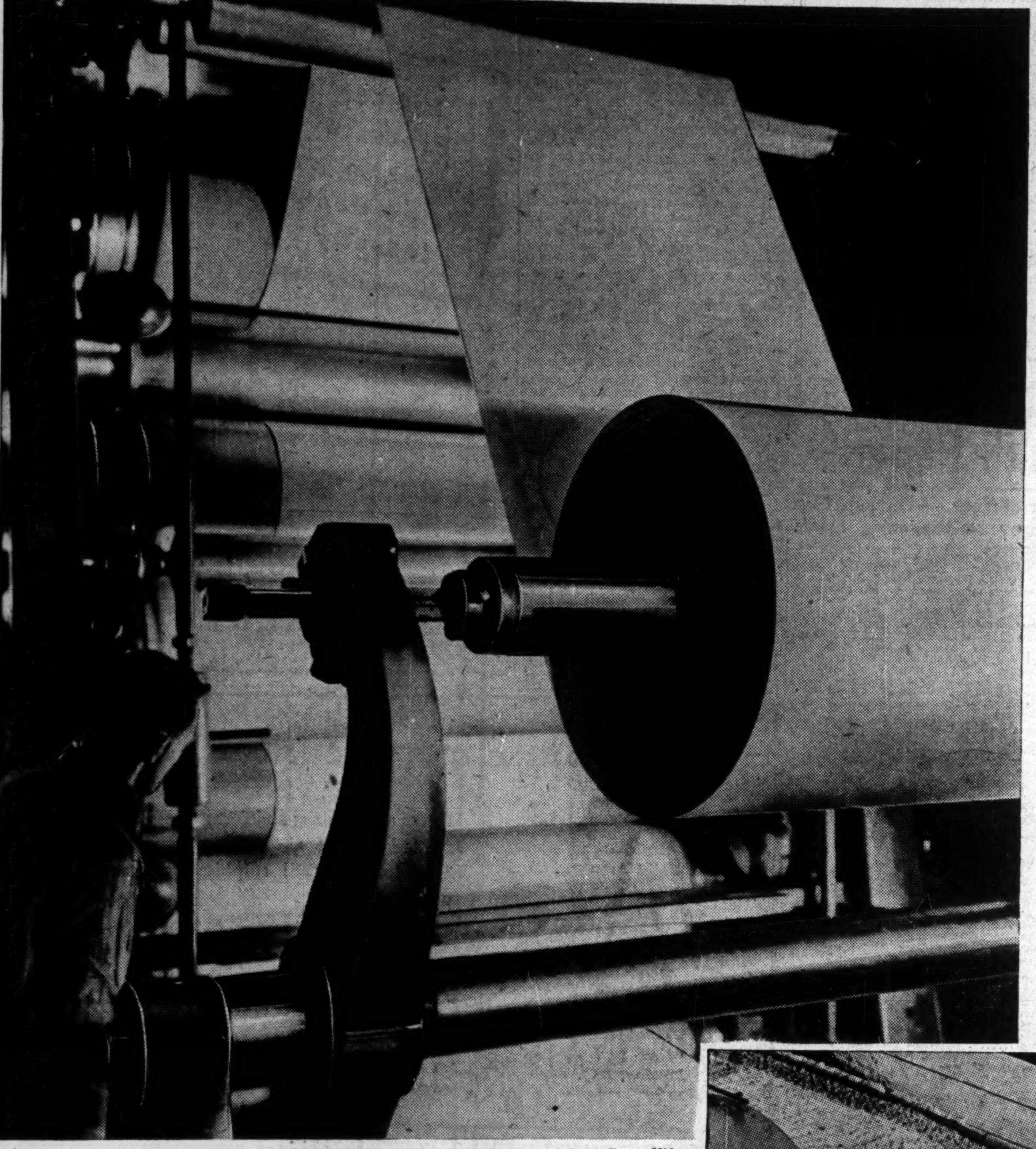


—Photos courtesy Howard Smith Paper Mills.

Paper, Canada's largest industrial export, made from . . .

Profits in Paper

Newsprint Industry at Production Peak Facing Strong Market — Outlook Bright if Warnings are Heeded

By JOHN E. LANGDON
Eastern Editor, The Financial Post

Outlook for the Canadian newsprint industry today is better than it has been for several years past.

Production is at the highest level in history and with the exception of two or three plants, all units are operating at capacity. Prospects are that output this year will be higher than it was in 1936, though the percentage of increase is likely to level off before the end of the year.

The market for newsprint is strong and there is assurance that the 1938 price of $50 a ton for the American market, set a short time ago by International Paper and followed by the Canadian operators, will be enforced.

The buying of "newsprints" for some time past has been predicated on the improvement in demand and lately on prospects of $50 a ton newsprint, which assures reasonably good profits. Another contributing factor has been the public statements by Lord Rothermere and the use of his papers to stimulate interest in this group of securities. Rothermere is evidently sincere in his ultra-optimistic beliefs on the outlook for the industry, but it should be recognized also that he and his associates have been heavy purchasers of Canadian newsprint securities; a factor which may influence his views. The very sharp advance in newsprint values must be attributed, therefore, in a large measure, to English buying, stimulated by the Rothermere press.

Stock Values Higher

The heavy speculative and investment buyings of newsprint securities over the past year have brought about marked improvement in the stock values. In many cases the increase has amounted to several hundred per cent, despite the very sharp break in the market during recent weeks. While the current level of prices is, in a number of instances, well below the high for the past year, present values are substantially in excess of those prevailing a year ago. This is clearly set forth in the following table:

	Year Ago	Current	High for Period
Abitibi, com.	1⅞	4¼	15½
Do., 6% pfd.	10¼	38	80
Bathurst, A	13¼	14	23⅞
Building Products	47	55	73
Consolidated Paper	4¾	12	24½
Donnacona, A	7¾	10	19½
Do., B	7	9	19
Dryden	7½	10	20
Fraser	16⅞	28½	50
Inter. Paper, A	7	14¼	24¾
Do., pfd.	48⅞	84½	121¾
Maclaren	17	18	37¼
Price Bros.	7¾	27½	53
St. Lawrence, com.	2¼	8	15
Do., A	14¼	21½	39¾
St. Lawrence Paper, pfd.	41½	68	98

Buy on Future Prospects

On the basis of present buying of securities, the "newsprints" are not over-valued. On current earning power they are, and the same is true of other securities. It will be some time —at least not until 1939—before there is any general resumption of dividend payments. This year many companies will earn their bond interest requirements, but there will not be very much left for capital stock. The big improvement is scheduled for 1938, provided there is no set-back. A temporary set-back in Canadian newsprint production is foreseen in the next six months, due to excessive stocking up of supplies by the American publishers, but otherwise the newsprint manufacturing companies in this country appear to be in for a period of continued activity with assurance that the selling price of their product will enable them to earn a reasonable profit on the capital invested.

Hitting Its Stride

This is a marked change from conditions prevailing in 1933 when the industry touched bottom. The following two years were a period of slow upbuilding and mending of damaged fences. Last year the industry began to get into its stride and production for the full 12 months reached the all-time record figure of 3,190,000 tons. In order to secure this production the majority of the mills were operated at capacity. Refinements and improvement in equipment during the lean years enabled the operators to step up production beyond the rated capacity of their mills, so that the record output was reached even though a few mills were inoperative.

Last year was not a prosperous year, if judged by the quantity of newsprint paper produced. True, it was better than the year before from a monetary point of view, but still the dollar returns were disappointingly small and had little relation to the capital invested in the industry. However, the price structure firmed up considerably and the gross return per ton of paper delivered in New York was $41, an advance of $1 a ton over the year before.

The sharp increase in demand has continued into 1937. Previously, the operators, heartened by the record-breaking demand for paper and greater co-operation within their own ranks, advanced the price to $42.50 a ton, New York delivery. This increase had no effect on consumption and for the first seven months of 1937 production totalled 2,098,047 tons, or 18% greater than for the same period in 1936.

At the moment the position of the newsprint industry can briefly be summarized as follows: production is at the highest level in history; there is a keener sense of co-operation among the companies (an important factor in determining future policies to be followed by the industry) and the price of newsprint has been set for the first half of 1938 at a figure assuring a good return on capital.

What of the Future?

Will the demand for paper continue at this level, or even move higher, and will the manufacturers be able to maintain the new price schedule and secure adjustments from time to time to compensate for higher costs? These are the questions which are of paramount importance to the investor and likewise to the large number of workers and communities who are dependent upon the industry for their welfare.

The Canadian companies have three markets for their product: domestic, overseas and the United States. The domestic market annually calls for less than 200,000 tons of paper. Its demands have not varied greatly from year to year and there is no particular reason for expecting any appreciable change in the situation in the near future.

The overseas market, by which is meant all export shipments other than to the United States, has been of importance to the industry in the past few years, though previously it had been of less consequence than the domestic market.

In 1927, Canada shipped 134,000 tons overseas. The pre-depression peak was reached in 1929 when shipments totalled 338,000 tons. They dropped to 257,000 tons in 1932. Since then they have increased and totalled 594,000 tons in 1936 and for the first seven months this year 303,576 tons. Exports overseas have slowed up definitely and are likely to recede rather than advance.

New Marketing Methods

The sharp increase in Canadian newsprint shipment overseas in the last five years has not been due, to any marked extent, to superiority of the Canadian product, but to the marketing methods adopted by the manufacturers here in order to replace the business shrinkage in the United States through reason of the depression.

Formerly, Canadian companies paid limited attention to the South American, Australasian and British market, preferring to devote their major selling efforts to the larger and richer market in the United States. In order to secure tonnage in the depression years a number of the Canadian mills "raided" the overseas markets and sold newsprint at distress prices. In some cases, the newsprint was actually delivered at less than the cost of production. Naturally none of the companies wants this business on a permanent basis.

Over a year ago a concerted effort was made to advance the price of "overseas" shipments to a level in line with that prevailing in the United States. This move was successful in part, though it is too early to say how much business was lost to Scandinavian and other producers. Nevertheless, this type of business will be jettisoned quickly as soon as the manufacturers can secure a corresponding American tonnage.

(Continued on page 23)

Pulp Comes of Age

Spectacular Profit Possibilities Focus Attention On Developments Apart From Newsprint

Woodpulp manufacturing has come into its own. For years this branch of the Canadian pulp and paper industry was overshadowed by the newsprint division. It was regarded simply as a feeder for the newsprint and fine paper mills. However in the last 18 months the demand for all grades of pulp, but particularly chemical pulp, has advanced sharply and profit making possibilities have been on a far more attractive scale than for newsprint.

The change appears sudden, though it has been going on unnoticed for some time. In the past production of pulp has borne a very close relationship to the quantity of paper produced. But what many manufacturers and the public failed to realize was the rapidly growing industrial use of cellulose for the manufacture of artificial silks, Cellophane rayon and plastics. This new industry created by science has suddenly blossomed, with the result that the demand for chemical pulp has reached larger proportions than ever before.

Producers have had no difficulty in selling their output for months ahead. Prices have advanced rapidly. Quotations for all sorts of woodpulp recovered sharply in the latter half of 1936 and early part of 1937. Bleached sulphite and kraft pulps are now above their 1929 level. Unbleached sulphite is substantially above its 1929 price and only mechanical pulp is still below that year. Mechanical pulp, however, is 23% above the price quoted in December, 1936, and is nearly double the 1932 price.

There are four major pulp divisions: mechanical, or groundwood; unbleached sulphite; bleached sulphite and sulphate, or kraft.

The Pulp Hierarchy

Groundwood pulp is used almost exclusively in producing the lower grades of paper, principally newsprint. In the manufacture of the latter it is mixed with unbleached sulphite. It is the cheapest of all forms of pulp and a very small proportion is exported.

Sulphate pulp is an exceptionally strong product and is used in the manufacture of kraft paper, kraft liner and other types of paper where strength is required.

Sulphite pulp comes in two forms — unbleached and bleached. As mentioned, unbleached sulphite is mixed with groundwood in the production of newsprint. The major share of the Canadian production is used in this way; the balance for fine papers.

Bleached sulphite is the king of the pulps. It is used in the highest grade of papers and when specially treated is used in the manufacture of textiles and other products requiring the purest type of sulphite pulp.

In 1920 Canada produced less than 650,000 tons of sulphite pulp. During the next 10 years production advanced to over 1.2 million tons and then dropped to 769,000 tons in 1932. Last year output had recovered to practically the level of 1929.

These figures in themselves do not indicate any marked change in the situation, beyond a recovery of production. But a breakdown of the returns, showing the quantity of bleached and unbleached sulphite, tells another and important story. Except for a temporary decline in the early years of the depression, production of bleached sulphite has steadily advanced and reached an all-time record of 438,000 tons in 1936. Unbleached sulphite has come back strongly, but more as a reflection of the increased output of newsprint and fine papers than from any other cause.

Production Climbs

The trend of production for the two grades of sulphite is clearly set forth in the following table:

Sulphite in Tons

	Bleached	Unbleached
1920	138,624	515,649
1925	227,465	615,320
1929	324,548	911,684
1932	256,478	512,593
1933	355,812	553,801
1934	340,262	650,380
1935	374,157	644,820
1936	438,000	774,400

The other branch of the chemical pulp field —sulphate—has done well: production doubling since 1932. The improvement here has been due to the more widespread domestic demand for kraft paper, kraft liner and other products with sulphate pulp as a base. The trend of output is shown here as a matter of interest and for comparison with the change in the sulphite picture.

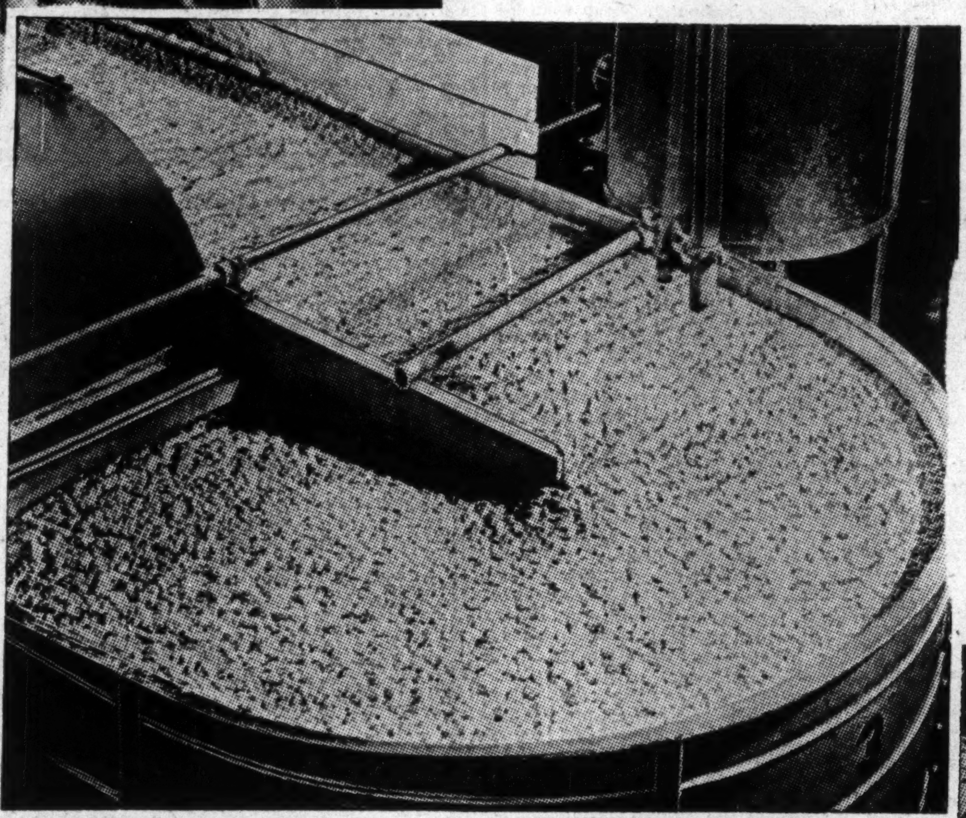
	Sulphate and Other Tons
1920	194,255
1925	242,207
1929	250,104
1932	144,367
1933	182,988
1934	221,077
1935	257,423
1936	287,500

Recovery of business and the demand for all grades of paper have played an important part in the comeback of the pulp industry. On the other hand the improvement would not have been so marked had it not been for export demand, particularly from the United States. Unbleached sulphite has been taken in increasing quantities by foreign buyers, but the real demand has come for bleached sulphite for processing into artificial silks and Cellophane.

The different markets and the extent of their importance are shown in the table below:

	1931	1935	1936
United States	341,495	406,206	497,557
Great Britain	11,804	33,871	34,194
France	8,415	9,401	8,464
Japan	58,714	42,354	34,887
All others	23,475	27,648	22,409
Total	443,903	519,480	587,511

Note: Returns in short tons.



pulp, thoroughly digested after . . .

Of more importance at this time is the demand for bleached sulphite, particulars of which, together with unbleached and sulphate pulp, are shown in the following table covering exports from Canada during 1936:

	Sulphite Bleached	Sulphite Unbleached	Sulphate
United States	289,247	79,232	116,131
Great Britain	32,442	869	883
Japan	5,266	29,353	268
France	8,131	.....	333
Italy	7,415	.....	.....
Netherlands	6,118	.....	55
China	1,811	3,274	.....
Others	1,220	360	1,730
Total	351,650	113,088	119,400

Note: In short tons.

Demand Boosts Price

With the increased demand for pulp has come about an advance in price. The latter has been particularly impressive and clearly indicates that the chemical pulp field offers greater possibilities for profit than any other branch of activity in the Canadian pulp and paper industry. Sulphate pulp touched a low of $26 a ton in 1932 and is currently selling at $64 a ton. Groundwood pulp dropped to $18 a ton in 1932 and is now selling in the neighborhood of $34 a ton. For comparative purposes, it is interesting to note that the price of newsprint paper has advanced from somewhat less than $40 a ton to only $42.50 in the same period.

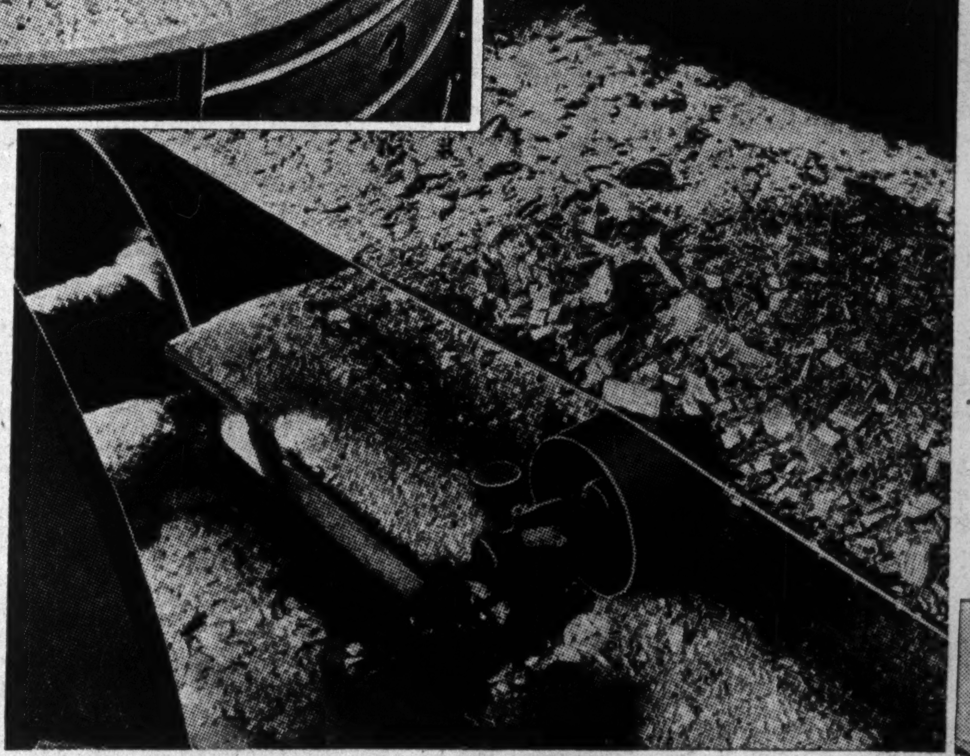
By far the greatest interest, however, centres around the price of sulphite pulp. Here the gains have been outstanding, as shown in the following compilation:

Atlantic Coast Contract Prices*
Unbleached and Paper Grades Bleached Sulphite Pulp

	Unbleached	Bleached
1932	$31.20	$41.65
1933	$35.07	$47.60
1934	$41.85	$54.50
1935†	$36.00—41.00	$49.40—53.00
1936†	$36.00—53.00	$50.00—67.00
1937††	$46.00—75.00	$65.00—95.00

* Average price per ton.
† Range of prices.
†† To July.

The figures quoted on production and prices of the various forms of pulp portray clearly the marked change which has come over this branch of the industry in the last five years. Mill operators have been working their equipment to capacity to take advantage of the situation. Others have undertaken large capital outlays in order to step up production.



being finely chipped from logs . . .

New Capital

Needless to say the prosperity of the pulp industry has attracted new capital. The old Chandler mill in Quebec has been reopened by interests associated with Anglo Canadian Paper Mills.

Lake Sulphite Pulp is building a 200-ton mill at Nipigon.

Fraser Cos. is investigating a possible mill site on the Miremichi River with a view to erecting a sulphite mill.

Rolland Paper is stated to be planning a sulphite mill with an annual capacity of between 15,000 and 30,000 tons.

A number of the newsprint mills have

(Continued on page 24)

stored in huge piles at all the mills.

Fraser Co.

Operating Profits in First Half of 1937 Pass $1.5 Million Mark — Plans for New Mill on Miramichi Discussed

Fraser Companies and its subsidiaries are benefitting from increased demand and tendency toward higher prices for all their products. Fraser Paper Ltd. is operating at capacity and Restigouche Co. is experiencing a strong demand for its bleached sulphite pulp.

During the first half of 1937, consolidated operating profits amounted to nearly $1.5 million and net income, before provision for income tax, amounted to $537,115. Comparative figures for the corresponding period in 1936 are not available but some indication of the trend of increasing earnings is shown in comparison of the returns for the first and second quarters this year. In the first quarter, operating profit amounted to $635,468 and net income $167,840. For the second quarter, operating profit had advanced to $834,306 and net income to $369,275.

Improvement in the company's affairs is reflected in the 1936 statement. During the past year, working capital increased by $161,884 to over $2.6 millions; cash increased from $62,542 to $663,127; while bank loan of $567,000 was eliminated. The company also provided for the installment of deferred interest on the Restigouche bonds, of $140,564, payable Aug. 1, 1937.

May Refund Bonds

If the favorable trend of operations and earnings continue, the company will likely undertake the refunding of its 6% bonds, which may provide a substantial saving in interest charges. At the end of last year there were over $7.8 millions of these bonds outstanding. Expectations are that the refunding will be done before the end of the year.

Plans for the refinancing may be affected by negotiations with the New Brunswick Government for the establishment of a pulp mill at Newcastle, N.B. The Government is understood to have been urging on the company the establishment of the mill and surveys have been instituted and soundings taken on the Sinclair property at Newcastle. If it is decided to go ahead with this plan, it may be necessary to raise additional funds.

Last June the company increased its issued common stock by 16,000 shares. These shares were issued as a consideration for 15,000, 50% paid up shares of Fraser Realties Ltd., which holds large timber limits and has been purchased by the company. This brought the parent company's outstanding share capital up to 371,016 shares, of which 316,854 are pooled under the voting trust agreement.

No dividends may be paid on the common stock of the company until net liquid assets, as defined in the 1936 plan, not less than $3.5 millions, and until the sinking fund payment due on July 1, 1940, have been made.

Capitalization—

	Authorized	Outstanding
Com., n.p.v. ..	500,000 shs.	371,016 shs.

Funded Debt—
First mtge. 6% bonds, Series of 1936, due 1950, outstanding *$7,838,500.

*Not including $2,542,000 held by bank as collateral and $196,000 held by trustee.

Dividend Record—
None paid on new shares. 25c. paid quarterly Apr. 1, 1928, to Oct., 1929, on old stock; none thereafter. Payment on new stock registered.

Head Office—Plaster Rock, N.B.

Officers and Directors—
Officers—K. S. Maclachlan, pres. and gen. mgr.; Donald Fraser, vice-pres.; L. M Sherwood, vice-pres. i/c finance treas and sec.; G. G. Gillies, asst. sec & asst. treas.; H. H. Henderson and C. S. Henderson, asst. treasurers; H. C. Noseworthy, asst. sec.
Directors—K. S. Maclachlan, Edmundston, N.B.; H. Crabtree, A. H. Campbell, A. M. Irvine, H. P. Thornhill, Montreal; Donald Fraser, Plaster Rock, N.B.; S. F. Duncan, E. G. Long, Toronto; Fred C. Beatteay, Saint John; Hon. R. B. Hanson, Fredericton, N.B.
Executive Committee — H. Crabtree, chm.; A M. Irvine and K. S. Maclachlan.
Voting Trustees — J. A. Ewing, I. W. Killam, Montreal; J. E. Fortin, W. Hastie, Toronto; H. P. Robinson, Saint John.

Times Bond Interest Earned—

	1936	1935	1934
Restigouche Co. 6% mtge. bonds:			
Before deprec.	6.02	4.78	3.90
After deprec.	2.84	2.47	1.58
Fraser Cos. 6% bds.:			
Before deprec. & dep.	2.68	1.69	1.15
After deprec & dep.	1.15	0.85	0.34

Four Years Earnings—

Year	‡*Earnings	Dividends	Deficit
1933	756,033	......	504,005
1934	938,971	......	876,858
1935	1,214,789	......	903,502
1936	1,450,422	......	833,954

*Consolidated.
‡After operating expenses, taxes and provision for bad debts.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
V. T. Cert.	50	27½	34	8	8½	1¾
Com.	50	27	34	9	8½	2½

*To September 15.

Fraser Paper
(Owned by Fraser Companies)

Capitalization—	Authorized	Outstanding
Com., n.p.v.	‡	‡
Funded Debt—		
6% 1st mtge. bds.	$4,000,000	‡$2,500,000
6% gen. mtge bds.	10,000,000	‡7,500,000

‡Pledged as security for parent company's first mortgage bonds.

DEMAND INCREASING

From 1927 to 1936 inclusive, per capita demand for newsprint increased in all countries other than the United States; in Great Britain about 22 pounds; in Argentina, about 13 pounds; and in Europe an average of about seven pounds; while in the United States there was a decrease of about one pound per capita.

The Newsprint Picture

PRODUCTION
(Newsprint Service Bureau)

	Tons 1936	Tons 1935	Increase or Decrease in Tons	Jan. to July Tons 1937	Jan. to July Tons 1936	Increase or Decrease in Tons
Canada	3,190,599	2,753,289	+437,310	2,096,025	1,762,868	+335,157
United States	921,408	912,392	+9,016	548,241	533,489	+14,752
United States and Canada	4,112,007	3,665,681	+446,326	2,646,266	2,296,357	+349,909
Newfoundland	327,869	335,720	—7,851	209,042	183,760	+25,282
Mexico	......	20,061	—20,061	......	......	......
North America	4,439,876	4,021,462	+418,414	2,855,308	2,480,117	+375,191

UNITED STATES IMPORTS

	Tons 1936	Tons 1935	Increase or Decrease in Tons	Jan. to June Tons 1937	Jan. to June Tons 1936	Increase or Decrease in Tons
Canada	2,422,316	2,061,892	+360,424	1,362,239	1,118,765	+243,474
Newfoundland	86,910	124,336	—37,426	44,574	35,714	+8,860
Europe	242,354	197,085	+45,269	139,780	118,617	+21,163

CONSUMPTION IN UNITED STATES*
(Of 430 Newspapers as Reported to A.N.P.A.)

Tons 1936	Tons 1935	Increase in Tons	Jan. to June Tons 1937	Jan. to June Tons 1936	Increase in Tons
2,939,424	2,648,248	291,176	1,558,942	1,433,834	125,108

*Represents about 80% of total U. S. consumption

EXPORTS FROM CANADA AND UNITED STATES

	Tons 1936	Tons 1935	Increase in Tons	Tons Jan. to June 1937	Tons Jan. to June 1936	Increase in Tons
From U. S.	14,597	22,581	—7,984	7,243	11,019	—3.776
Canada to U. S.	2,422,316	2,061,892	+360,424	1,362,239	1,118,765	+243,474
Canada to Overseas	594,416	523,050	+71,366	269,253	247,916	+21,377

ADVERTISING IN UNITED STATES
(52 Major Cities—Media Records Inc.)

Agate Lines 1936	Agate Lines 1935	Increase	Agate Lines Jan. to July 1937	Agate Lines Jan. to July 1936	Increase
1,380,121,457	1,246,941,513	133,179,944	811,690,662	767,185,056	44,505,606

Restigouche

Betterment in Earnings Enables Prepayment of Interest Arrears

Restigouche Co., controlled by Fraser Companies, has been operating on a capacity basis since 1935. The average market value of pulp in 1935 was unsatisfactory, with the result that earnings were disappointing. However, in 1936 an operating profit of $650,489 was shown after providing for executive salaries, directors' and legal fees. Net profit after all interest charges, depletion and depreciation, amount to $35,439, as against deficit of $1,262 the year before.

Pay Off Arrears

With the comparatively substantial advance in the price of sulphite pulp for 1936, it is expected that the income statement this year will show sharp gain in earnings. This is reflected in part by the fact that on October 2 the company will pay off all remaining arrears of interest on its 6% mortgage bonds. The payment will amount to $12.28 per $100 bond, made up of $9.60 of arrears and $2.68 of interest on arrears of interest.

This interest was originally due from Feb. 1, 1932, to Feb. 1, 1934, but was deferred and made repayable in five annual installments commencing Aug. 1, 1937. The first installment was paid, and the company has now decided to pay off the other four installments in advance.

Restigouche Company
(Owned by Fraser Companies)

Capitalization—	Authorized	Outstanding
Com., n.p.v. ..	250,000 shs.	‡250,000 shs.

‡Pledged as security for parent company's first mortgage bonds.

Funded Debt—
6% prior lien bonds, due 1942, authorized $500,000. None issued.
6% mort. S. F. bonds, due 1948, outstanding *$4,526,000.

*Deferred interest on this issue was $532,464 as at Dec. 31, 1936, after deducting $140,564 paid Aug. 1, 1937.
On Oct. 2, 1937, the company will pay off all remaining arrears of interest on bonds. The payment will amount to $12.28 per $100 bond, made up of $9.60 arrears and $2.68 interest on arrears of interest. This interest was originally due from Feb. 1, 1932, to Feb. 1, 1934, but was deferred and made repayable in five annual installments commencing Aug. 1, 1937.

Head Office—Athol, N.B.

Officers and Directors—
Officers—K. S. Maclachlan, pres. and gen. mgr.; A. W. Brebner, vice-pres.; L. M. Sherwood, treas. and sec.; G. G. Gillies, asst. sec. and asst. treas.; H. H. Henderson and C. S. Henderson, asst. treas.; H. C. Noseworthy, asst. sec.
Directors—K S. Maclachlan, Edmundston, N.B.; A. W. Brebner, Campbellton; Fred C. Beatteay, Saint John; A. H Campbell, Harold Crabtree, A. M. Irvine, H. P. Thornhill, Montreal; S. F. Duncan, E. G. Long, Toronto; Donald Fraser Plaster Rock, N.B.; Hon. R. B. Hanson, Fredericton, N.B.

Times Bond Interest Earned:†

	1936	1935	1934
Before depr. & depl.	2.06	1.86	1.92
After depr. & depl.	1.14	1.00	1.00

†Including accrued interest on deferred interest. Calculated after bank interest deducted.

Six Years Earnings—

Year	*Earnings $	Dividends $	Deficit $
1931	104,482	......	2,015,417
1932	138,270	......	2,933,122
1933	359,508	......	3,044,566
1934	637,256	......	2,735,328
1935	612,835	......	2,721,045
1936	650,498	......	2,635,967

*After expenses, taxes provision for bad debts and directors' remuneration and officers' salaries, etc., in 1935 and 1936.

Canada Paper

Canada Paper Co. has now become practically a wholly-owned subsidiary of Howard Smith Paper Mills. Last June the latter acquired from Harold Crabtree the balance of the outstanding common stock and a block of preferred, which gave it complete ownership of the common and over 99% of the preferred.

Current reports are that the company is experiencing a better volume of business than was reported for 1936, which was in turn appreciably better than in 1935. Net income for 1937 is expected to exceed $500,000, as compared with $472,897 last year. As a result of the improvement in the company's earning power, the income deficit has been reduced to only $36,291, while the working capital has been increased to $886,465.

(Controlled by Howard Smith Paper Mills)

Capitalization—	Authorized	Outstanding
Com., par $5....	$100,000	$100,000
Pref., cum...... Par $100.	3,000,000	1,250,000

All of common and 12,350 shares of preferred owned by Howard Smith Paper Mills.

Funded Debt—
1st mtge. bonds series A, $1,700,000 as follows: $1,000,000, 3 and 3½%, due 1938-45; $700,000, 4¼%, due 1952.

Dividend Record—
Preferred—Entitled to 7% per annum, cumulative, payable Mar., June, Sept. and Dec. 1. Paid regularly to and including Dec. 1, 1930; none since.
Common—None paid.

Head Office—Montreal.

Officers and Directors—
Officers—Harold Crabtree, pres.; E. K. Robinson, vice-pres.; E. H. Smith, vice-pres.; K. G. Pendock, sec.-treas.; M. G. Peterkin, asst. sec.-treas.
Directors — Harold Crabtree, E. K. Robinson, E. H. Smith, G. H. Tomlinson, F. J. Campbell, Montreal; F. A. Sabbaton, Grand'Mere, P.Q.; J. H. Gundy, Toronto.

Times Interest* Earned—

	1936	1935	1934
Before deprec. & depl.	6.94	4.75	3.33
After deprec. & depl.	3.66	2.38	1.31

*And U. S. exchange on bond interest.

Howard Smith Paper

Sales Increase 15% in First Half of Year — Earnings Also Move Ahead — Spend Money on Expanding Plants

All Howard Smith Paper Mills plants are now operating at capacity and indications are that business will hold up during the balance of the year.

During the first half of 1937, sales were up about 15% over the same period last year. While no official information is available as to earnings, it is understood that profits increased in about the same proportion.

Last year Howard Smith reported a consolidated operating income of over $2.2 millions, an increase of $300,000 over 1935. On the basis of preliminary returns and provided there is no material falling off in business between now and the close of the year, income this year should exceed $2.5 millions.

In order to take care of business expansion, the company undertook a building programme early in the spring. Plans provide for the extension of the mills producing soda pulp, sulphite and sulphate pulps.

Another development early this year was the construction of a $400,000 plant for the manufacture of flavoring extracts as a by-product of the Cornwall pulp mill.

This unit, which is owned by a subsidiary company, ties in with the expansion of the pulp mills, which will step up production of the sulphite pulp unit from 77 to 110 tons a day and the soda pulp mill from 70 to 100 tons daily.

Liquid Minority Interests

Several important changes have taken place in connection with the finances of the company and cleaning up of the minority interest in subsidiary companies. Last fall Howard Smith raised $6.3 millions of new capital, which was used to retire the old 5½% first mortgage bond issue.

About the same time the company issued 54,452 additional shares of common in order to effect the liquidation of dividend arrears on the preferred. Part of the stock also was issued in exchange for stock of Canada Paper Co. and Alliance Paper Mills.

Last June the company issued a further 55,000 common shares to Harold Crabtree, in exchange for 3,088 preferred shares and 5,000 common shares of Canada Paper Co.

As a result of the allotment of this stock, Howard Smith Paper Mills has authorized 400,000 shares of common, of which 329,869 shares are outstanding.

Howard Smith now owns all of the 20,000 authorized and issued common shares and 12,350 preference shares of Canada Paper Co. There are only 150 preferred shares of this company outstanding in the hands of the public.

In addition Howard Smith now controls over 98% of the stock of Federal Paper Co. and over 99% of stock of Alliance Paper Mills.

Share Earnings Grow

During 1936 the company reported total income of about $2.2 millions as against $1.9 million in the year previous. After providing for all senior charges, net profit available for dividends on the capital stock totalled $667,087 as against $461,925 the year before. Taking into consideration the increase in capital stock following recapitalization, net earnings available on the common amounted to 77 cents a share, against 83 cents a share the year before. Prospects are that share earnings this year will be even larger, always depending, of course, on no particular adverse trend in business.

Capitalization—	Authorized	Outstanding
Com., n.p.v....	400,000 shs.	329,663 shs.
Pref. cum. red. Par $100.	$7,500,000	$6,251,500

Funded Debt—
1st mtge. serial and 15-yr. bonds, series A, 3-4¼%, $6,300,000. Serials 3, 3½, 4% $3,000,000, due 1937-46; 15-yr. 4¼%, due 1951, $3,300,000.

Dividend Record—
Preferred—Entitled to 6% per annum, payable quarterly Jan., April, July and cumulative from June 1, 1928. Initial payment made on Sept. 1, 1928, and regularly up to and including March 1, 1931. Arrears of $30.50 per share at March 31, 1936, settled by payment of one-eighth share of preferred, one share of common and $2 in cash paid Apr. 10, 1936. Paid regularly from July 15, 1936.
Common—None paid.

Head Office—Cornwall, Ont.

Earnings per Share—

	1936	1935	1934
Pref.: Earned	$11.89	$6.64	$1.53
None paid.			

Alliance Paper Mills
(Controlled by Howard Smith Paper Mills)

Capitalization—	Authorized	Outstanding
Com., n.p.v...	200,000 shs.	100,000 shs.
Pref., par $100..	$3,000,000	$1,003,500

Over 99% of common held by the Howard Smith Paper Mills.

Funded Debt—
None

Dividend Record—
Preferred—Entitled to 6% per annum payable quarterly. Dividends paid regularly up to and including Jan. 15, 1931. None since.
Common—None paid.

Head Office—Merritton, Ont.

Officers and Directors—
Harold Crabtree, pres., Montreal; G. W. Pauline, vice-pres. and man. dir., Toronto; L. E. Fleck, vice-pres. and asst. man. dir., Georgetown, Ont.; J. R. Leslie, sec.-treas., St. Catharines, Ont.; E. H. Smith, Montreal; A. D. Cobban, H. F. E. Kent, J. H. Gundy, Toronto.

Officers and Directors—
Officers — Harold Crabtree, pres.; E. Howard Smith, vice-pres.; George Pauline, vice-pres.; E. K. Robinson, vice-pres.; K. G. Pendock, sec. and treas.; M. G. Peterkin, asst. sec. and asst. treas.
Directors—Harold Crabtree, E. Howard Smith, Sir Herbert S. Holt, E. R. Decary, J. W. Pyke, Howard Murray, G. M. McKee, W. D. Robb, W. H. Howard, J. D. Johnson, W. A. Arbuckle, Montreal; George Chahoon, Jr., Grand'Mere, P.Q.; J. H. Gundy, C. L. Burton, Toronto.

Times Interest Earned:†

	1936	1935	1934
Before deprec. & depl.	4.85	3.79	3.54
After deprec. & depl.	2.82	2.09	1.83

†After mortgage interest.

Earnings per Share and Divd. Record—

	1936	1925	1934
Pref.: Earned† ..	$9.35	$10.89	$4.98
Paid	4.50	nil	nil
Com.: Earned▲ ..	0.66	1.00	d0.21
None paid.			

†After deduction of subsidiary preferred and common dividends.
▲After allowing for full year's preferred dividend requirements and after subsidiary dividends.

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	1,231,760	382,664	*1,294,233
1931	1,101,716	55,104	*1,044,728
1932	1,231,598	5,604	*1,237,881
1933	1,674,735	5,604	*1,410,642
1934	1,835,896	4,854	1,709,562
1935	1,885,052	896	2,136,651
1936	2,177,888	278,007	1,198,796

*Before providing for income tax.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Com.	34¼	18⅛	20⅞	9¼	13	9
Pref.	106	99½	119	88	115	84

*To September 16.

E. B. Eddy Co.

Heavy Outlay Brings Plant Equipment to Maximum Efficiency

Operations of the E. B. Eddy Co. continue at a high level. The newsprint division is understood to be operating at capacity, while other divisions, including fine paper, have found a ready market for their output.

There is no means of telling the dollar value of sales or profits, as the company does not issue a financial statement. The company has no bonds outstanding and of its capital stock 49% is held by Canadian Hydro-Electric Corp. and the balance, or majority control, by private interests. It is generally understood, however, that earnings have been such as to provide for regular distribution on the company's capital stock.

During recent years the company has carried out plant improvement and extensions involving a considerable capital outlay. The programme included installation of a new water filtration plant at a cost of several hundred thousand dollars. Other work carried out included the renovation of the sulphite pulp unit, enlargement of boiler capacity, rearrangement of storage and handling facilities, additional pulp preparation equipment and a new head office building.

Last spring the company awarded a contract to the Foundation Co. of Canada for an addition to the bleached sulphite mill which, with equipment, is estimated to cost $500,000.

Capitalization—

	Outstanding
Capital stock, par $100	$300,000

49% owned by Canadian Hydro-Electric Corp.

Dividend Record—
Dividends have been continuously paid for many years, payments not made public.

Officers—
V. M. Drury, pres.; C. V. Caesar, man. dir.

NEWSPRINT MILLS

Newsprint mills are located in all provinces of Canada with the exception of Alberta and Saskatchewan. The majority are in Quebec.

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"A reputation for outstanding quality can only be built and maintained by producing goods THAT EXCEL IN ACTUAL USE."

Every Needed Type of RUBBER HOSE

Acid, Air Jack, Blow Pit, Divers, Fire, Oil, Oxy-Acetylene Welding, Pulp Grinder (Reinforced), Sand Blast, Steam, Suction, Suction Box, Pneumatic Tool, Water

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OTTAWA Established 1912 CANADA

FRASER COMPANIES LIMITED

Controlling
FRASER PAPER LIMITED
and
RESTIGOUCHE COMPANY LIMITED

Controlling timber areas of over 4,000 square miles estimated to contain 23,000,000 cords of pulpwood and lumber, Fraser Companies Limited and its subsidiaries are substantial operators in the pulp and paper field.

Modern mills, managed and co-ordinated for efficient production, are responsible for quality products which create and maintain consumer acceptance.

Continuous operations of the Companies have been an effective force in the business life of the community and in the pulp and paper industry itself.

MANUFACTURERS OF HIGH GRADE SULPHITE BOND, WAXING AND CATALOGUE PAPERS, PAPER BOARD, BLEACHED SULPHITE PULP AND LUMBER

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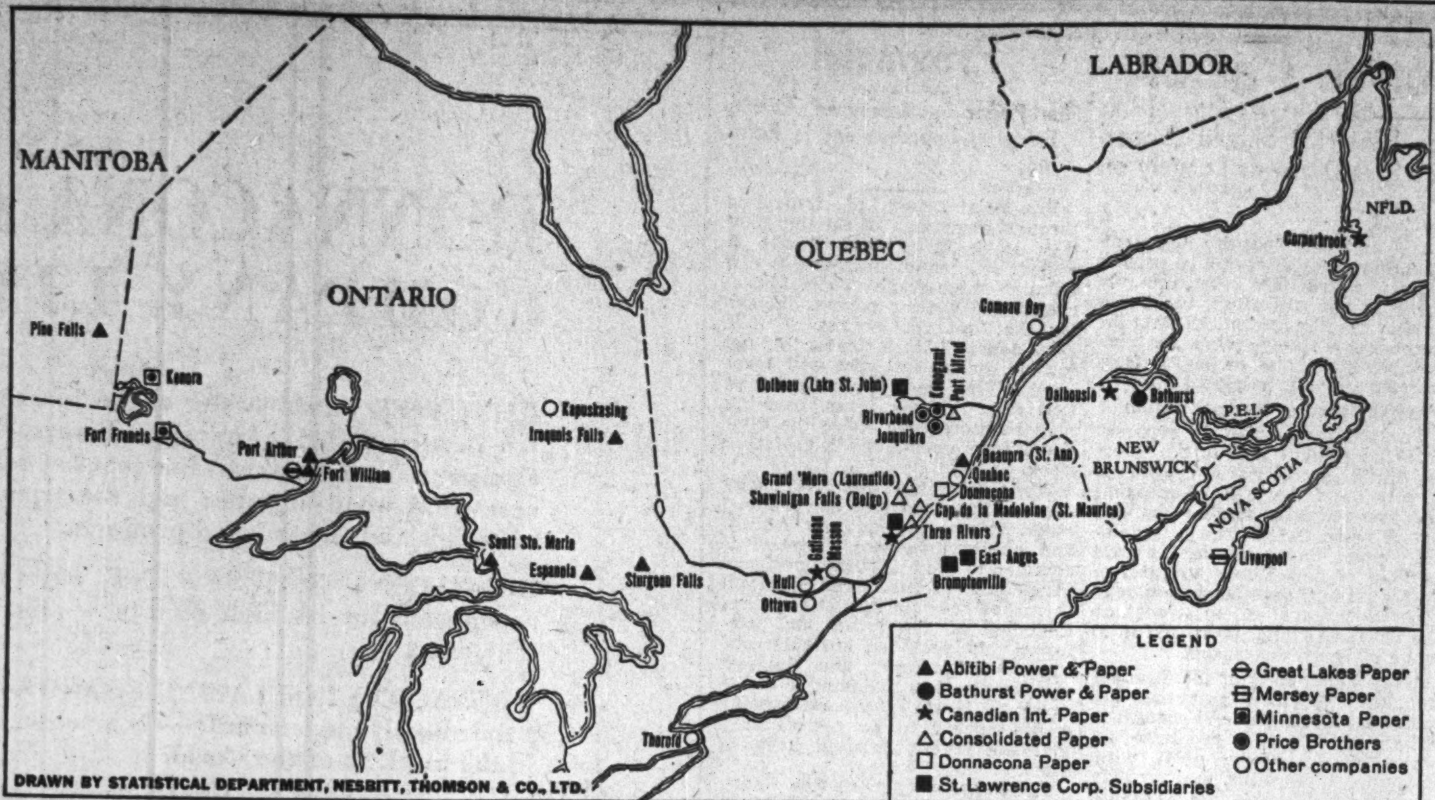
General Office: Edmundston, New Brunswick



NEWSPRINT MILLS SEEK WOOD AND WATER

This outline map of eastern Canada shows the location of the principal Canadian newsprint mills, together with a legend indicating their ownership. With the exception of one or two, all of these plants are operating at or near their effective capacity for the first time in many years. In all these mills, together with those in British Columbia, have a capacity of close to 13,000 tons daily, a figure far greater than that for any other country in the world. The capital invested in these enterprises runs into several hundred millions of dollars and the value of the annual output is in the neighborhood of $125 millions. As an employer of labor, the industry is of first rank importance; in fact many communities are wholly dependent upon the industry for their welfare.

Maclaren

Higher Newsprint Prices Help Earnings — Further Sale of Power More Promising

No particular change has taken place in the position of Maclaren Power and Paper Co., which controls James Maclaren Co and Maclaren Quebec Power Co. Revenues this year are expected to be somewhat better than in 1936 when the company showed a net profit sufficient to cover the bond and other interest 1.3 times before depreciation.

Any marked improvement in the affairs of the company must come through an increase in the price of newsprint or larger sales of power. In the newsprint end the company is operating both machines at capacity and at present is turning out about 300 tons per day. The advance in price from $41 to $42.50 a ton at the beginning of this year has helped earnings in this division, while the prospects for 1938, when the price jumps to $50 a ton, are very hopeful.

The revised contract with Ontario Hydro curtailed earnings of the power subsidiary. Revenue from the new Ontario Hydro contract amounts to $500,000 each year compared with $600,000 under the old agreement, on delivery of the same quantity of power. The unfavorable feature of the new contract is that deliveries of power are now at their maximum, whereas under the old agreement they gradually increased to 96,000 h.p., as compared with present deliveries of 40,000 h.p. There are signs, however, that Ontario Hydro may purchase additional energy in order to meet its rapidly expanding requirements.

Despite limitation of earnings from the power subsidiary and the unsatisfactory selling price of newsprint, the company has been able to meet all obligations to the public, which is primarily interested in the first mortgage bonds of Maclaren-Quebec Power Co.

MACLAREN POWER AND PAPER

Capitalization— Authorized Issued
Common, n.p.v. 750,000 shs. 500,000 shs.

Funded Debt—
None, but MacLaren-Quebec Power Co., subsidiary, has outstanding $12,000,000 5½% first mortgage bonds, series A due 1961; and series B due 1964, $6,000,000.

Dividend Record—
In 1931 the sum of $175,000 was paid, which is equivalent to $0.35 per share. None reported in 1932; none paid in 1933, 1934, 1935 or 1936.

Head Office—Buckingham, P.Q.

Officers and Directors—
Officers — Albert Maclaren, pres.; Alexander Maclaren, vice-pres.; J. A. Bryant, sec.; J. T. Black, treas.
Directors — Albert Maclaren, Alexander Maclaren, R. M. Kenny, T. F. Kenny, C. H. Maclaren, J. R. Maclaren, J. T. Black, J. A. Bryant, J. N. Copping, C. R. Morrison, all of Buckingham, P.Q.

Five Years Earnings*—

Year	Earnings $	Dividends $	Surplus $
1931	†746,274	175,000	608,724
1932	866,686	......	504,885
1934	1,190,328	......	596,147
1935	1,240,899	......	599,496
1936	1,245,240	......	445,064

†For period ended Nov. 30, 1931, being a full year's operation of James Maclaren and 11 months' operation of Maclaren-Quebec Power Co.
*Maclaren Power & Paper Co. (including its subsidiaries, James Maclaren Co. and Maclaren-Quebec Power Co.)

Times Interest† Earned—

	1936	1935	1934
Before deprec. & depl.	1.30	1.26	1.20
After deprec. & depl.	0.83	1.00	1.00

†Less amount charged to capital construction.

Market Record—

	*1937 High	*1937 Low	1936 High	1936 Low
Pref.	37¼	24	35	16½

*To Sept. 8.

Westminster

Westminster Paper Co. has shown marked stability of earnings. It has covered bond interest, after depreciation, by a wide margin and has been paying regular dividends at an annual rate of 40 cents a share on the common stock.

The company manufactures wrapping paper, plain and printed paper, decorative, water-marked, waxed papers and similar products. Its market includes wide export markets in addition to sales in Canada.

In addition to the Canadian plant at New Westminster, a subsidiary, Pacific Coast Paper Mills, Inc., operates a plant at Bellingham, Washington, to carry on American business.

Capitalization— Authorized Outstanding
Common, par $10 .. $500,000 $477,890

Funded Debt—
1st mtge. debs. 6½%, due 1950, $299,000. $54,500 held by sinking fund trustee.

Dividend Record—
40 cents per share per annum payable May and Nov. 1. On Sept. 15, 1931, 4% stock dividend paid.

Head Office—New Westminster.

Officers and Directors—
Officers—J. J. Herb, pres. and mgr.; H. M. Lord, sec.-treas. and purch. agent.
Directors — J. J. Herb, Bellingham, Wash.; H. M. Lord, J. G. Robson, J. Peck, F. J. Hume, New Westminster; F. Smith, F. Wright, S. A. Lake, K. Walkem, Vancouver.

Times Interest Earned—

Yr. end. July 31:	1936	1935	1934
Before deprec.	5.70	4.38	5.08
After deprec.	3.16	2.28	3.12

Earnings per Share and Dividend Record—

	1936	1935	1934
Common: Earned	$0.46	$0.27	$0.54
Paid	0.40	0.40	0.40

Five Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1932	60,271	18,402	22,904
1933	77,939	19,116	23,517
1934	91,487	19,116	30,068
1935	75,208	19,116	23,941
1936	86,792	19,116	26,650

Newsprint or Negligee?

Canada Faces Question of Turning Resources Into Most Profitable Channels as Growth of Cellulose Industries Increases Demand for Pulp

Canada today dominates the newsprint markets of the world; tomorrow she may dominate the cellulose market. During the last few years the cellulose-using industries have experienced a remarkably rapid and widespread growth. Though progress has been great, there are no signs of a slowing down; rather is there evidence of even greater expansion in the use of cellulose.

Tremendous strides have been made by science since the beginning of the century in the development of synthetic articles, and no more so than in the cellulose field. Using this material as a base, science has produced artificial silks, woollens, rope, carpets, upholstery, explosives, lacquers, plastic materials, sugar, alcohol, resin, tannin, cattle feed and a host of other articles.

Commerce has taken hold of these new products of the laboratories and exploited them on a broad scale. Millions of capital have been invested in plant and building up consumer demand. The public reception has been favorable with the result that there has been a pronounced growth for such industries as artificial silk, Cellophane and plastics.

In recent years, industry has come to depend upon wood pulp as a principal source for cellulose. As a consequence demand for sulphite pulp has caused a sharp increase in production, and in turn a marked advance in price.

Canada has participated in no small way in the prosperity attendant upon the development of cellulose products. Her pulp mills have been operating at capacity and for the first time in years, operating profits are mounting. Many of the existing mills have been enlarged or improved, while others are under way or planned.

By far the greatest part of Canada's pulp is used in producing newsprint paper. A matter of growing interest is whether the country will continue the present policy of exploiting the timber resources for the manufacture of a low-priced product, or will swing over to the production of the high-priced chemical pulps.

The Scandinavian countries have already decided on the latter course. They are still important producers of newsprint paper, but in recent years they have become the world's most important sources of cellulose pulp.

Canada is not going to abandon the manufacture of newsprint, but if the cellulose market continues to be as promising as it is now, it would be more economical to exploit pulpwood areas for their cellulose value rather than for the manufacture of newsprint.

Future Demand

It is difficult to say with any certainty that this new trend toward the manufacture of cellulose pulp is simply a move to take advantage of the existing widespread demand for pulp, or that it represents a permanent change in the form of pulpwood exploitation. Naturally, much will depend upon the demand for cellulose pulp.

While it is known that a number of cellulose-using industries have experienced remarkable expansion in the past 10 years, there is no way of determining if saturation points have been reached. Further, the growth in the past decade may not be any criterion of expansion in the next 10 years. New uses are being found for cellulose and other industries may spring up ranking in importance with artificial silk and Cellophane. Prospects are that there will be an increase rather than a decrease in the demand for chemical pulp.

Whatever the course of new developments in the years ahead, there is plenty of room for both pulp and paper industries. The continued demand for cellulose pulps will be as beneficial to the newsprint and fine paper divisions as to the new favored high grade chemical pulp division.

"Age of Golden Opportunity"

The outlook is well expressed by Lord Rothermere, British publisher and investor in a number of Newfoundland and Canadian newsprint properties, who says:

"The lessons learned in the long period of depression will guide the pulp and paper-makers of Canada in taking advantage of the unprecedentedly favorable conditions now opening before them.

"They control by far the largest sources of a raw material which is in fast growing demand, not only for its major use in paper-making but for all sorts of subsidiary purposes that have only recently come into existence.

"Nothing can be surer than that this age of cellulose will be for Canada an age of golden opportunity."

Hinde & Dauch

1937 Year Expected to be Best in Company's History — Rising Costs Offset by Economies

Hinde and Dauch Paper Co. of Canada had sales and production for the first six months of 1937 at new peak levels. While there was some slackening in demand in summer months, the company has continued operations near capacity and it is expected that this will be the best year in its history.

Although raw materials have risen faster in price than selling prices, the reduction in spread has not affected earnings seriously due to increased efficiencies arising partly from greater production.

Public investment interest is confined to the common shares, since all the former 5½% bonds were redeemed last May 1, and private refinancing at 4% has effected a saving amounting to about five cents a share per annum on the common.

Capitalization— Authorized Outstanding
Com., n.p.v. .. 300,000 shs. 299,933 shs.
A majority of the stock is held by the Hinde & Dauch Paper Co. of Ohio.

Funded Debt—
None.

Dividend Record—
Common: Present rate $1 per share per annum, payable Jan, Apr., July and Oct. 1. Increased from 50c. with payment of 25c. Dec. 21, 1936; $1 per annum paid quarterly from July, 1928, to Jan., 1930; passed until payment of 12½c. a share on Dec. 24, 1934, which rate was paid quarterly until increased in Dec., 1936.

Head Office—Toronto.

Officers and Directors—
Officers—S. Frohman, pres.; L. F. Winchell, vice-pres. and gen. mgr.; J. H. MacLeod, sec.; T. E. Lloyd, treas.; M. H. McArthur, gen. sales mgr.
Directors—S. Frohman, J. H. MacLeod, Sandusky, Ohio; M. H. McArthur, L. F. Winchell, T. E. Lloyd, R. L. Warren, Toronto; M. H. Murch, Cleveland.

Times Bond Interest Earned—

	1936	1935	1934
Before deprec.	11.42	10.04	7.98
After deprec.	8.40	7.24	5.31

Earnings per Share and Dividend Record—

	1936	1935	1934
Com.: Earned	$1.32	$1.18	$0.80
Paid	0.62½	0.50	0.12½

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	214,308	299,933	7,522
1931	*33,771	......	*296,466
1932	205,382	......	*57,271
1933	†344,123	......	78,929
1934	546,400	37,492	201,683
1935	664,437	149,967	202,969
1936	721,872	187,459	207,949

*Loss or deficit.
†Includes profit on purchase of bonds of $17,405.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Com.	22¼	18	22¼	12	13⅜	10

*To September 15.

Deposits Plans at Ottawa

From Our Own Correspondent

MONTREAL.—Lake Sulphite Pulp Co. has deposited with the Minister of Public Works at Ottawa, plans covering construction of a dock and intake pipe line to be built on the site of the company's plant at Nipigon, Ont. Following the usual course, one month must elapse before the Minister gives approval, which, in this case, will be on Sept. 28.

Canadian Securities

Dominion and Provincial Government Bonds

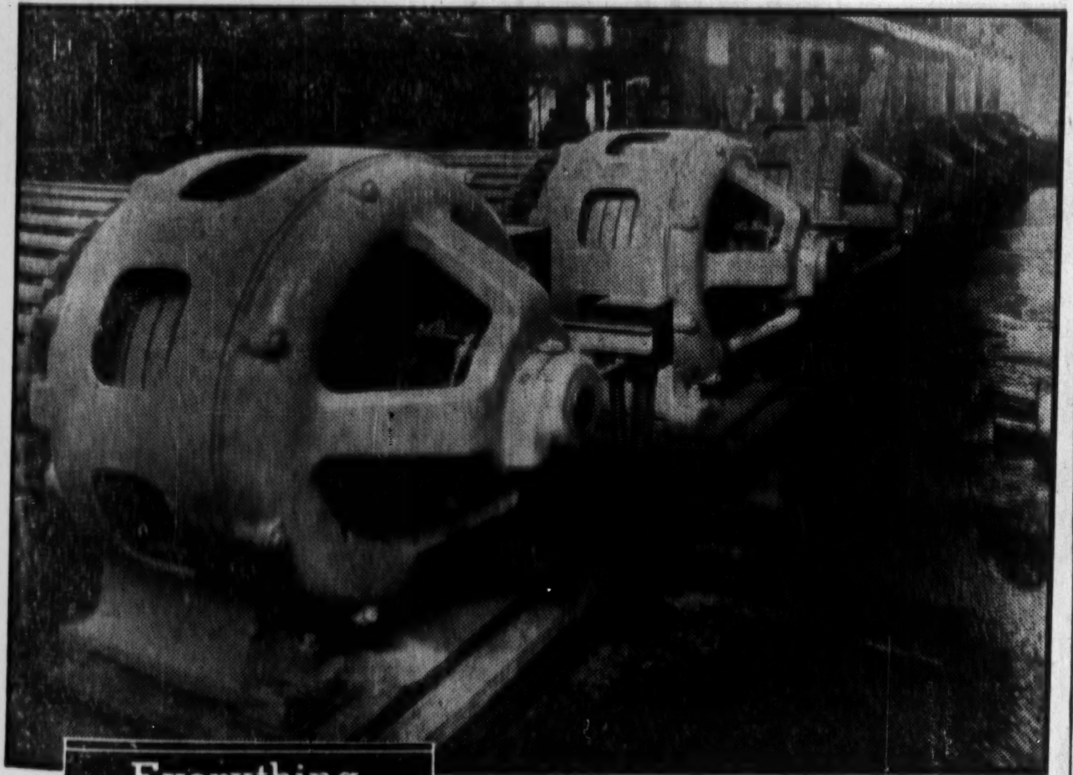
Municipal Bonds

Public Utility and Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

15 King Street West, Toronto



Everything Electrical for the Pulp and Paper Industry

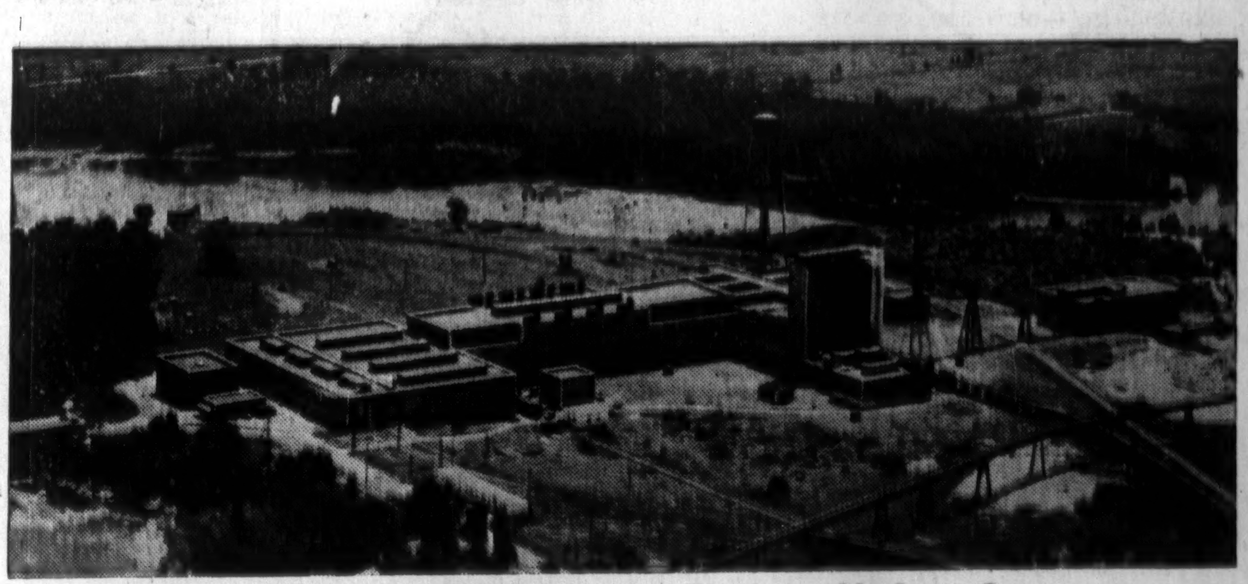
MOTORS AND CONTROL for GRINDERS
•
BEATERS
•
STUFF CHESTS AND PUMPS
•
JORDANS
•
Westinghouse Sectional Individual Motor Drive
•
Single Motor Paper Machine Drive

CAREFUL analysis of the varied requirements of pulp and paper mills, and long experience in the design and application of motor drive to all sorts of industrial machinery, have resulted in the development of Westinghouse motors and control which are particularly suited for driving the special pulp and paper making machinery located in these mills. These applications include motor drives for barkers, chippers, grinders, pumps, agitators, beaters, Jordans, paper machines, winders, super-calenders, cutters, platers, etc. The success of these motor drives is shown by the large number of Westinghouse installations in pulp and paper mills.

CANADIAN WESTINGHOUSE COMPANY LIMITED
HAMILTON ONTARIO

Branch Offices and Repair Shops: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Fort William, Swastika, Toronto, Montreal, Halifax.

Westinghouse



Aerial view of the modern newsprint mill of The James MacLaren Company.

a good name—

Salient Features of the MacLaren Development

POWER
Installed capacity 245,000 h.p.
STORAGE RESERVOIR 30,000,000,000 cu. ft.
GROUNDWOOD 85,000 Tons Annually
NEWSPRINT 350 Tons Daily
PULPWOOD LIMITS 2,600 sq. miles

For over 70 years the name MacLaren, in the Ottawa Valley, has stood for fair dealing and a quality product.

From the early small beginnings in the lumber business, today the great power and forest resources along the Lievre River are developed into a perfectly co-ordinated unit for the economic and efficient production of power and paper.

The newsprint mill, modern in every respect is presently working to capacity.

MacLaren Power & Paper Company
MacLaren-Quebec Power Company
The James MacLaren Company Limited
BUCKINGHAM, QUEBEC

Lake Sulphite

New Sulphite Mill Will be Brought Into Operation Next Year

Lake Sulphite Pulp Co. is the latest entry in the Canadian pulp and paper industry. It was organized last spring and is constructing a modern bleached sulphite mill at the mouth of the Nipigon River on Lake Superior.

Bleached sulphite of the highest grade for paper manufacture will be produced at the beginning but the mill is so designed that a change in quality to a pulp suitable for rayon manufacture may be undertaken with a minimum of alteration and new equipment.

Initial capacity of the mill will be 200 tons daily, or 60,000 tons yearly, but this may be doubled at a minimum of cost.

The company has entered into an agreement with the Province of Ontario, granting it cutting rights on approximately 1,981 square miles of timber limits, for a period of 21 years from April 1, 1937.

Present plans call for completion of the sulphite mill by the middle of next year. Already considerable work has been done in preparing the mill site and wood is now being cut on timber limits. In all it is estimated that the total cost of the mill will not exceed $5 millions.

Will Sell Bonds

Capital to that end is being raised publicly. Last April 150,000 common shares were put on the market at $26.50 a share. In addition the company plans to issue $3 millions of 5½% first mortgage convertible bonds. The latter financing will likely be carried out before the end of the year.

Although not yet in operation, Lake Sulphite Pulp Co. has extended its original plan by the purchase of all the outstanding shares of the Nipigon Corp. from International Paper Co. Nipigon Corp. owns a groundwood pulp mill with a daily capacity of 40 tons at Nipigon and also has an agreement with the Province of Ontario granting it cutting rights on approximately 1,397 square miles of timber limits on the east side of Lake Nipigon and adjacent to some of the company's limits.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	300,000 shs.	150,007 shs

Funded Debt—
1st mtge. conv. bonds, 5½%, series A, due 1957, $3,000,000 dated July 1, 1937, to be issued and outstanding.

Dividend Record—
None paid to date.

Head Office—371 Bay St., Toronto.

Officers and Directors—
Officers—R. O. Sweezey, pres.; J. Stadler, vice-pres.; W. H. Hurd, sec.-treas.; N. S. McFarland, G. D. Watson, asst.-sec.
Directors—R. O. Sweezey, J. Stadler, H. B. Griffith, J. Simard, Montreal; Bethune L. Smith, G. C. Leitch, J. W. McColl, Toronto.

Market Record—

	*1937 High	Low
Common	27	18

*To Sept. 16.

Canada's Best Customer

Canadian newsprint mills produced 2,098,047 tons during the first seven months of 1937, and of this quantity stocks on hand at the end of the period totalled only 79,993 tons.

The distribution of sales for the current year follows:

	Tons
Production	2,098,047
To United States	1,618,743
To Overseas	303,576
Domestic Market	97,735
Balance at Mills	79,993

Anglo-Canadian

Higher Price for Newsprint Boosts Earning Power — Operations at Capacity

Earnings of Anglo-Canadian Pulp & Paper Co. are expected to undergo an improvement this year, following upon the advance in the price of newsprint paper. Operations at the plant have been at capacity for some time, so that the advance in the selling price of paper has been of considerable importance to the company.

With two or three other operators, Anglo-Canadian has managed to keep plant operations at capacity level throughout the depression. Shipments are made to the Hearst newspapers in the United States and to the Rothermere papers in England.

No particulars are available as to earnings or the financial position of the company. There is no direct Canadian investment interest in the enterprise, control being held by Lord Rothermere and associated interests.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	135,000 shs.	135,000 shs.
1st Pref. $100 par	$8,000,000	$8,000,000

Funded Debt—
5% debentures, outstanding, £3,165,120. Issued for £3,180,000 cash to Daily Mirror Newspapers Ltd., of London, England, from the proceeds of which the £2,967,050 6½% debentures, due July 1, 1933, were redeemed at £107 for each £100 of debentures.

Dividend Record—
1st Preferred—Entitled to 7% cumulative. Initial dividend for 6 months ended Apr. 30, 1930, paid Oct. 1, 1930; none since.
Common—None paid.

Head Office—Quebec, P.Q.

Officers and Directors—
Directors—John Cowley, pres., London, Eng.; F. W. Clarke, vice-pres., Quebec; G. H. Bridge, sec.-treas., Quebec; R. A. McInnis, W. J. Clarke, Sir Charles Fitzpatrick, Quebec; Sir Herbert S. Holt, R. C. McMichael, F. G. Bush, Montreal; Viscount Rothermere, E. A. Sursham, Hon. Esmond Harmsworth, London, Eng.; Frank J. Humphrey, New York.

Abitibi Power & Paper

Earnings Before Depreciation and Interest Should Exceed $5 Millions, but Future of Securities Depends Largely on Reorganization

Earnings of Abitibi Power & Paper Co. for the first eight months of 1937 were $3,121,000, available for depreciation and bond interest, compared with approximately $1.3 million on the same basis for the corresponding period of 1936. These figures do not include earnings of Provincial Paper Ltd. and The G. H. Mead Co., subsidiaries, and are subject to year-end adjustments.

On Sept. 1, the company reopened the paper mill at St. Anne de Beaupré, Quebec, and in October plans to have it on a full production basis. This increase in capacity cutting off deadweight carrying expenses, coupled with higher volume of production in other mills, is expected to produce total earnings for 1937 exceeding $5 millions, compared with $2.2 millions earned last year.

The company is in receivership and the future of the enterprise depends to a large extent upon completion of capital reorganization. The plan of the bondholders' protective committee is to be voted upon, by bondholders only, Oct. 15.

What Plan Offers

The plan provides, subject to approval of the Supreme Court of Ontario, for distribution of new securities as follows:

For each $100 of 5% first mortgage bonds—$50 of new convertible 5% general mortgage bonds, $70 of convertible 5% income debentures and ½ share of common stock.

For each $100 share of 7% preferred—five new common shares and warrants to purchase, within one year, five additional shares at $17.50 each.

For each $100 of 6% preferred—3½ common shares and warrants to purchase another four at $17.50.

For each one common share—1/10 new share and warrant to purchase another half share at $17.50.

Indications are that the plan will be approved by a substantial majority of bonds at the forthcoming meeting, as larger holders have either participated in the drafting of the scheme, or have signified tentative approval. But a legal battle of some length may follow.

The proposed general mortgage bonds would be convertible into common shares, $100 of bonds for three shares. Debentures would be convertible into common on a basis of $100 of debentures for 4½ shares. The lowest conversion price to the bondholders is, therefore, $22.22 a share, and shareholders have the initial opportunity to acquire additional common at $17.50.

If shareholders acquire new common, the proceeds would be used to pay off convertible debentures. In the long run, therefore, the bondholder has the advantage that he may either receive cash for convertible debentures, or benefit from his conversion privileges.

Importance of Reorganization

For the investor, it is apparent that the present and future value of Abitibi securities is contingent largely upon the type of reorganization adopted to take the company out of receivership. The bondholders' plan involves raising $14 millions of new money by sales of 4½% first mortgage bonds, senior to other new securities, to strengthen the working capital position and to make plant improvements.

With the opening of the Beaupré mill, the two closed properties are mills at Espanola and Sturgeon Falls, Ont., and it is problematical when these will be dealt with. Excluding those mills, the company has a productive capacity of 558,000 tons of newsprint paper annually, and it is estimated that 1937 production will total approximately 475,000 tons. Improvements planned in the bondholders' reorganization scheme would increase capacity to about 650,000 tons. It has been estimated that on production of 560,000 tons of paper, coupled with the production of sulphite pulp, the company's earnings at $50 a ton for newsprint would cover depreciation of $1.5 million annually, pay interest charges and income taxes and leave something between $1.55 and $2.24 a share available for the new common.

The investor must keep in mind at all times that the future of Abitibi securities, while affected favorably by prospects of increased earnings in higher-priced newsprint and pulp, is contingent upon the reorganization plan, and the legal debate.

Capitalization—

	Authorized	Outstanding
Pref. 7% cum.	$1,000,000	$1,000,000
Pref. 6% cum.	50,000,000	†34,881,800
Par $100.		
Common, n.p.v.	1,500,000 sh.	*1,088,177 sh.

*Including 1,883 shares deposited for exchange of shares of subsidiary companies.
†Including 779 shares deposited for exchange of shares of Spanish River Pulp & Paper Mills, Ltd.

Funded Debt—
1st mtge. gold bonds, series A, 5%, due 1953; outstanding $48,267,000.
Interest payment deferred June 1, 1932; default in effect Aug. 1, 1932.

Dividend Record—
7% preferred—Initial dividend paid Jan. 1917; paid regularly to and including Oct., 1931; none since.
6% preferred—Initial dividend paid Apr., 1928; paid regularly to and including Apr., 1931; none since.
Common—None paid since Oct., 1928.

Head Office—Iroquois Falls, Ont.

Officers and Directors—
Officers—G. H. Mead, chm. of board; Alex. Smith, pres.; W. A. Black, vice-pres.; L. R. Wilson, vice-pres. & man dir.; W. H. Smith, asst. man. dir.; T. E. Filver, mgr. of mills; T. Broadhurst, sec.; H. Young, treas.; L. B. Popham, asst. sec.; D. J. Cormack, asst. treas.
Directors — Alex. Smith, Chicago; Sir Thomas Tait, A. J. Brown, W. A. Black, Montreal; G. H. Mead, Dayton, Ohio; T. H. Watson, L. R. Wilson, W. H. Smith, S. F. Duncan, Toronto; W. H. Carter, Winnipeg.
Bondholders' Committee—J. P. Ripley, chm.; W. H. Somerville, Andrew Fleming, E. E. Reid, M. C. Cross, Stanton Griffis, W. A. Arbuckle, F. G. Curry, sec., 22 William St., New York.

Results From Operations
Years Ended December 31

	1936 $	1935 $
Income:		
Sale of power	312,134	325,971
Sale of newsprint & pulp	14,662,752	10,906,209
Less: Oper costs	12,052,486	9,357,033
Disct. on U. S. funds	3,221	......
Add: U. S. exch. rec.	......	38,452
Int. & disct. earned	46,216	39,819
Sundry oper. profits	21,774	25,403
Res. for doubt. accts. w/b	......	100,000
Provincial Paper div.	......	100,000
	2,967,169	2,178,821
Less: Int. on rec. cert. & overdraft	229,683	221,190
Cost of issue of reports	3,113	3,092
Int. on contr. for purch. of Thunder Bay shares	40,919	163,675
Costs of carrying idle mills & timber limits:		
Idle mill costs	193,687	196,972
Taxes, mill and townsites	78,223	74,238
Timber conces'ns	83,404	67,725
Legal, audit & accr. exps.	48,000	48,000
Rec. remun. & exps.	48,000	48,000
Amt. w/o pulpwood acquired prior to receivership	......	50,000
Amort. of G. H. Mead shares	......	100,000
Exps. re bdhldrs' meeting	......	743
Prov. for U. S. inc. tax on prof. of G. H. Mead	21,665	......
Cost of spec. reports	53,185	......
Exp. of liquidator	2,101	......
Bal. avail. for deprec. & bond int.	2,185,189	1,205,186

The receiver and manager reports the following figures of net earnings of Abitibi and its subsidiaries, excluding Provincial Paper, Ltd., and G. H. Mead Co., before depreciation and bond interest, but after interest on receiver's certificates:

Monthly Earnings

	1937 $	1936 $
January	336,972	33,942
February	262,894	50,131
March	335,218	104,463
April	362,653	166,316
May	406,145	181,048
June	*394,169	230,796
July	522,580	245,986
August	‡500,669	217,782
	3,121,300	1,230,466

*Not including profit on 4,030 tons of newsprint accumulated in June for July shipment overseas.
†Before deducting certain expenses of reopening of Fort William and Beaupre mills and in connection with obtaining special reports.
‡After $20,324 of start-up expenses of Beaupre mill.

Market Record—

	*1937 H	L	1936 H	L	1935 H	L
Com.	15½	4	7	1¼	2	.55
Pfd. 6%	89	41¼	13⅞	6½	9½	3
Cert's.	79½	41	41	6¾	7	3
Pfd. 7%	97	60	77½	16½	..	..

*To Sept. 14.

Minas Basin

Operations of Minas Basin Pulp & Paper Co., of Hantsport, N.S., have shown little change over the past year, but earning power has improved due to the advance in the price of groundwood pulp.

Minas Basin Pulp's activities are divided into two divisions. The groundwood pulp unit is capable of turning out about 12,000 tons annually, practically all of which is marketed with the Scott Tissue Mills in the United States.

Nearly three years ago the company constructed a small plant for the manufacture from pulp of plates, cups and similar articles. A subsidiary company, known as the Canadian Keyes Fibreboard Co. was incorporated to handle this business.

Provincial

Fine Paper Subsidiary of Abitibi Enjoying Improvement in Earnings

Provincial Paper Ltd., controlled through ownership of all the common stock by Abitibi Power & Paper Co., manufactures and distributes high-grade book, bond, coated and writing papers. Income for the first six months of 1937, after depreciation indicates that net income for the full year will cover bond interest nearly four times and that after income taxes, earnings may be more than twice the dividend requirements on 7% preferred stock.

While earnings for 1937 may exceed $2.50 a share on the common stock, this is all held by Abitibi and public investment interest is confined to the 5½% first mortgage bonds and 7% preferred. As yet, there has been no indication of refinancing of the bonds and preferred, but provided business continues satisfactory, and interest rates remain low, redemption of the present issues for refinancing would appear to be a possibility that the investor should keep in mind.

The company operates five plants, two at Georgetown and others at Thorold, Mille Roches and Port Arthur, Ont. Total capacity is about 190 tons of fine papers daily.

The company's products and operations are regarded as extraneous to those of Abitibi and there has been some comment that if and when Abitibi is reorganized, its common shares of Provincial Paper might be sold. Provincial Paper has maintained preferred dividends ever since the present shares were first offered in 1927.

(Controlled by Abitibi Power & Paper Co.)

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	100,000 shs.	100,000 shs.
Pref., par $100	$3,500,000	$3,500,000

Entire issue held by Abitibi Power & Paper Co.

Funded Debt—
1st mtge. bonds, series A, 5½%, due 1947, outstanding †$3,849,500.

†In addition, $25,500 have been purchased by the company and are held in the treasury.

Dividend Record—
Preferred—7% per annum, payable quarterly, Jan., Apr., July and Oct. 1. Initial payment July 1, 1927, and quarterly since.
Common—$1.25 paid in 1930; $1 paid in 1932 and $1 paid in 1935.

Head Office—Toronto.

Officers and Directors—
Officers—S. F. Duncan, pres.; T. A. Weldon, vice-pres.; W. S. Barber, sec.-treas.
Directors—S. F. Duncan, T. A. Weldon, G. T. Clarkson, L. R. Wilson, A. F. White, E. R. Wood, W. H. Smith, T. Broadhurst, all of Toronto.

Times Interest Earned—

	1936	1935	1934
Before deprec.	3.53	3.37	3.26
After deprec.	3.06	2.99	2.79

Earnings per Share and Divd. Record:

	1936	1935	1934
Pref.: Earned	$11.38	$10.77	$10.22
Paid	7.00	7.00	7.00
Common: Earned	1.53	1.32	1.13
Paid	nil	1.00	nil

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	995,747	370,000	672,431
1931	782,784	245,000	752,570
1932	614,678	345,000	682,934
1933	560,864	245,000	668,097
1934	694,614	245,000	814,876
1935	713,617	345,000	846,766
1936	748,103	245,000	1,000,147

DONNACONA PAPER COMPANY LIMITED

SITUATED on tide-water at the junction of the Jacques Cartier and St. Lawrence Rivers, Donnacona Paper Company is in an advantageous position both as to accessible wood supplies and the transportation of raw materials and the finished products.

DONNACONA NEWSPRINT enjoys wide consumer acceptance for its high quality — the product of plant efficiency.

DONNACONA INSULATING BOARD — manufactured in a thoroughly modern mill — is meeting increasing demand in the markets of the world.

The company's executive is alert to improving business trends and to the sound management of the company's resources.

TIMBER RESERVES	— Approximately 4,250,000 standing cords of pulpwood.
NEWSPRINT CAPACITY	— 250 tons daily.
SULPHITE PULP	— Annual capacity 30,000 tons.
GROUNDWOOD PULP	— Annual capacity 75,000 tons.
INSULATING BOARD	— Annual capacity 45,000,000 sq. ft. standard half inch board.

OFFICERS

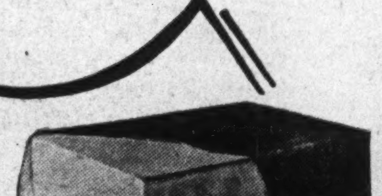
ROBERT P. KERNAN, *President*
HON. GEORGE PARENT, K.C., *Vice-President*
LOUIS W. MICHAEL, *Secretary-Treasurer*

DIRECTORS: Robert P. Kernan, Hon. George Parent, K.C., Sir George Garneau, Hon. W. Gerard Power, Hugh MacKay, Louis W. Michael, Quebec; A. P. S. Glassco, Montreal.

Head Office:—44 St. Louis St.—Quebec
Mills:—DONNACONA, Que,

NEWSPRINT CONSUMPTION

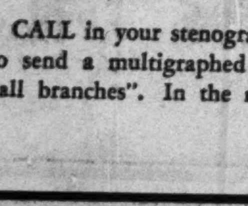
Apparent world consumption of newsprint in 1936, as indicated by shipment statements, was 8.2 million tons, an increase of 589,000 tons over 1935. Of this United States received 44.5%, while 10 years ago the United States consumed 54.4% of the world production.



YOU will find one or another of the famous Provincial Papers bobbing up during almost every business hour—doing its particular job to perfection—adding to the reputation for reliability earned by Provincial Papers over more than a quarter century.

Open your morning mail and out pop several advertising folders. If one or two of these stand out, chances are they are printed on Provincial's Multifold Enamel, Paragon Offset—or another of the Provincial Papers designed to form the perfect setting for good illustrations.

When you check over the current issues of your favourite magazines and admire the attractive "style", you are likely paying unconscious tribute to another Provincial Paper. Oxford Super has been the most-used Canadian printing paper for Canadian Magazines and trade papers for more than a quarter of a century.

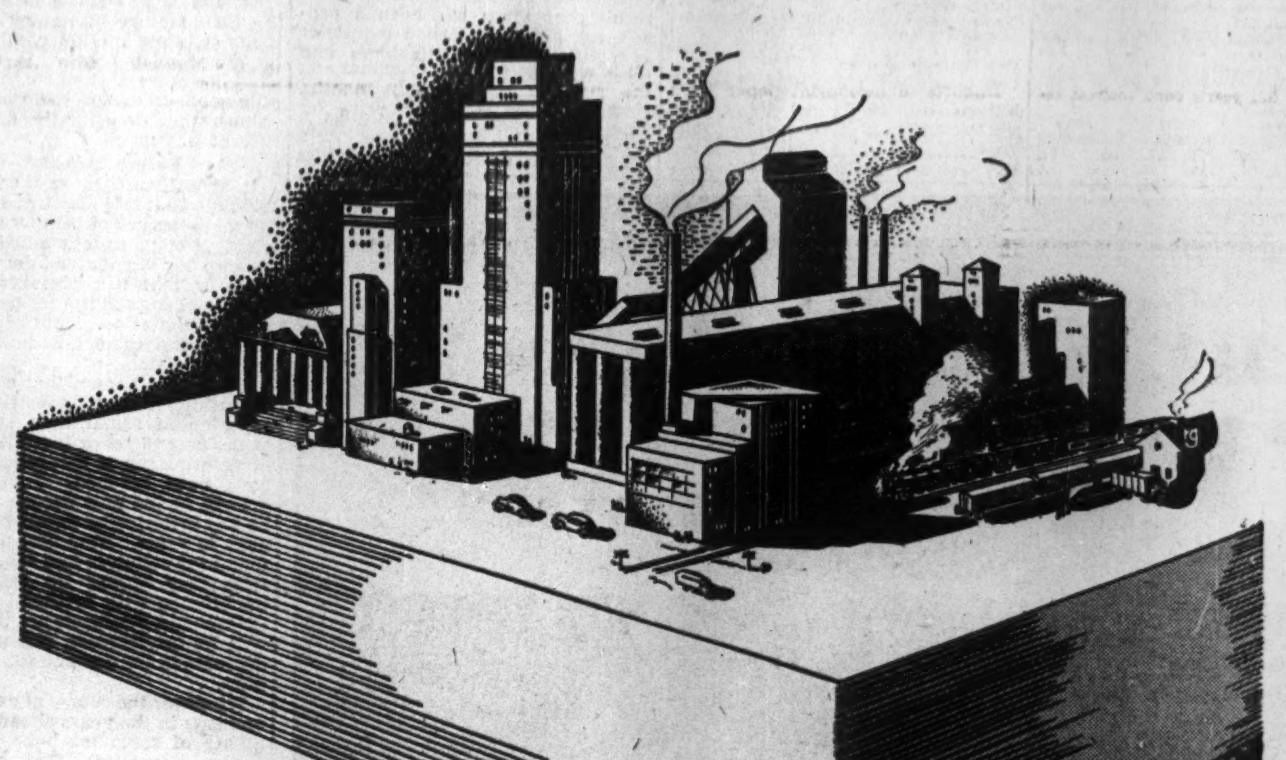


CALL in your stenographer and tell her to send a multigraphed memorandum to "all branches". In the multigraphing department another Provincial Paper is—or should be—brought into the picture. Provincial's Script Mimeo Bond is the free-running stock which comes in a variety of colours and adds new sparkle and attention value to multigraphed messages.

We could go on and touch lightly on the blotters which you use on your signature; the menu for dinner at eight, and dozens of other daily examples of the happy faculty of every Provincial Paper to do its job well. The purpose of this advertisement, however, is merely to remind businessmen that "Provincial" in the paper business is a standard of quality and value—and a good name to keep in mind when you need good paper for almost any printing purpose.

PROVINCIAL PAPER LIMITED
TORONTO, CANADA

Mills at: Mille Roches, Thorold, Georgetown (2), Port Arthur.



Built upon paper

Paper is the very foundation of modern commerce.

Letters, orders, invoices, records, contracts and many other vital elements in the business structure—even money itself!—are printed on paper.

For many years The E. B. Eddy Company Limited has supplied the business world with paper products of high quality. Through good times and bad, the Eddy Company has kept pace with the demands of progress whilst adhering to principles laid down 86 years ago—to use the most efficient methods and the most modern machinery, and to measure every achievement with an unvarying yardstick of quality.

The success of this policy is evidenced today in the widespread acceptance of and confidence in the many paper products carrying the famous Eddy "Lighthouse" Trade-mark.

THE E. B. EDDY COMPANY LIMITED
HULL, CANADA

Makers of Bond, Book and Writing Papers; Toilet Tissues, Paper Towels and Serviettes; Newsprint, Wrapping Paper, etc. Full stocks of Eddy Paper products are carried at each of our warehouses, located at convenient points from Coast to Coast.

DALHOUSIE AND CHENEAUX BOND — ONLIWON INDUSTRIAL TOWELS AND TISSUES — ANCASTER AND CHATHAM BOOK — MULTISCRIP MIMEOGRAPH

Donnacona

Earnings in First Half of 1937 Show 200% Gain Over Previous Year

Donnacona Paper Co.'s earnings for the first half of 1937 amounted to $241,316, before depreciation and depletion and bond interest. This compares with $89,395 on the same basis for the like period of 1936.

Volume of sales of insulating board in Canada increased approximately 21% over the first half of last year, while the export business remained practically unchanged. Gross profits from sales of insulating board were 46% higher than for the same period of last year.

The newsprint division has been operating at capacity, sales during the first half year amounting to 33,000 tons, or 49% more than for the same period of 1936. Revenue of this division amounted to $1.1 million compared with $693,000 in the same period in 1936.

Earlier in the year the company signed a new contract with Hearst interests to replace the contract made in Oct., 1936. The new contract is for a term of 5½ years and calls for delivery of 40,000 tons per annum at the contract price accepted by other large producers, less certain adjustments.

Adding to Capacity

Increased earnings so far this year have not reflected the benefits which are expected to be derived from the extensive programme of alterations which is almost completed. The cost of operations in the newsprint mill will be reduced and it is estimated 15,000 tons of newsprint and 30,000 tons of ground pulp will be added to the yearly capacity of the plant. Improvements in the sulphite mill were completed two months ago. The power plant work is expected to be finished this month, adding about 2,500 h.p. capacity to the power system.

In order to carry out this plant expansion programme, the company offered to the public $750,000 ten-year 5% notes last January. At the time of this financing, the covering circular stated that estimated earnings available for interest, depreciation and depletion, and income tax in 1937 would amount to $758,000 as compared with $285,003 in 1936.

Capitalization—	Authorized	Outstanding
Class A	253,484 shs.	253,484 shs.
Class B	123,088 shs.	123,088 shs.

No par value.

Funded Debt—
1st mtge. 3-4-4½% bonds, series A, due 1956, outstanding $6,584,000. 5½% notes due 1949, $7,750,000.

Head Office—Quebec.

Dividend Record—
None paid on new stock.

Officers and Directors—
Officers — Robert P. Kernan, pres.; Hon. George Parent, vice-pres.; Louis W. Michael, sec.-treas.; J. M. Phelan, asst. sec.-treas.
Directors — Robert P. Kernan, Hon. George Parent, Sir George Garneau, Hon. W. Gerard Power, A. C. M. Thomson, Quebec; A. P. S. Glassco, Montreal; L. W. Michael, Donnacona, Que.

Seven Years Earnings—

Year	†Earnings $	Dividends $	Surplus $
1930	621,190	......	66,453
1931	434,879	......	nil
1932	275,474	......	6,036
1933	150,308	......	6,254
1934	208,522	......	6,740
1935	207,076	......	nil
1936	285,003	......	nil

†From all sources.

Times All Interest Earned—

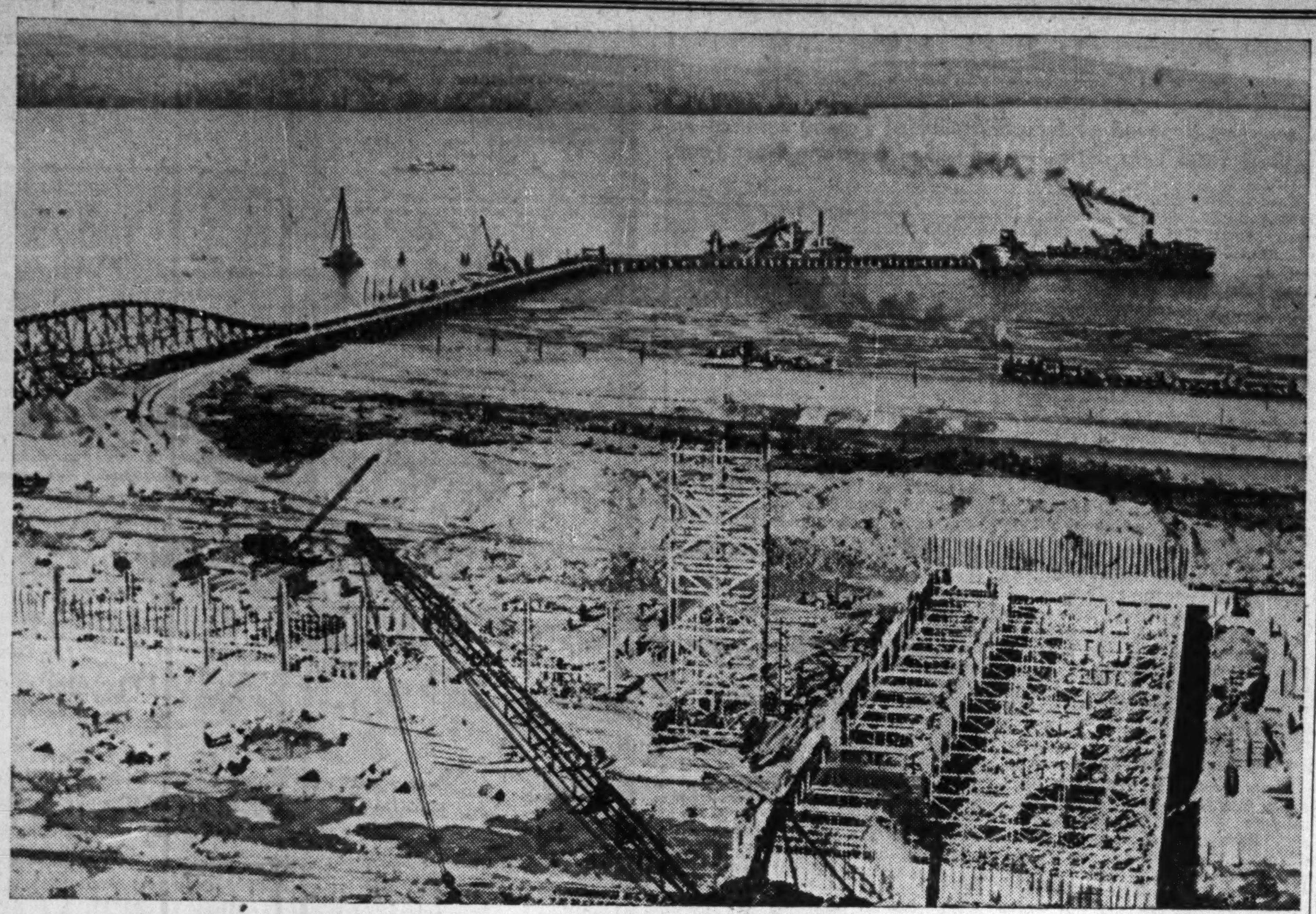
	1936	1935	1934
Before deprec. & depl.	1.57	*0.57	*0.62
After dtprec. & depl.	1.00	*0.16	...

*Based on full year's bond interest requirements.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Class A	19½	10	17½	4¾	4½	1½
Class B	19	10	16¼	2⅞	3⅜	1

*To September 15.



NEWCOMER TO THE SULPHITE PULP FIELD

This aerial view of the Lake Sulphite Pulp Co.'s new plant at Nipigon, Ont., is the first comprehensive picture to be taken of the development since construction work was started earlier in the year. In the foreground will be seen the foundation forms for the 200-ton a day pulp mill. In the centre-top work is proceeding on the wharf, which will permit of water shipments of the finished product during the open season of navigation. In all Lake Sulphite plans to spend $5 millions on this development and will have it in operation by the spring of next year.

St. Regis Paper

St. Regis Paper Co. of Canada, controlled by the St. Regis Paper Co. of New York, plans more extensive pulpwood operations on the Godbout River. The company has made application to the Quebec department of lands and forests for permission to construct a dam on the west branch of the river.

For years this company has held large timber limits in Quebec, but their exploitation has been confined to cutting the pulpwood and shipping it by water to the parent company's plant in New York State.

Big Plans Deferred

A number of years back the company announced its decision to go ahead with an expansion plan of some magnitude in order to more fully exploit its timber leases in Quebec. This plan was never carried out, owing to the unsettled state of the newsprint market.

The parent company had its charter amended early this year, permitting it to engage in business in any state in the United States and foreign countries.

U. S. IMPORTS

Imports of newsprint paper from Europe into the United States during the first half of 1937 totalled 139,780 tons. This was higher than for any corresponding period in some years past and compared with 242,354 tons imported during all of 1936.

M. & O. Paper Co.

Earnings Improve But Fall Far Short of Interest — Reorganization Likely to be Slow, Report on Properties Awaited

Minnesota & Ontario Paper Co. is in receivership, and while a bondholders' committee has been working on reorganization, nothing definite along this line is expected to develop until surveys and appraisals of plants have been completed by engineers.

From Jan. 3 to June 20, 1937, the company showed income, before depreciation, equivalent to about 41% of bond interest charges for the period. In the corresponding period of 1936 there had been a deficit of about 10% of interest charges.

The company manufactures newsprint paper, sulphite pulp, "Insulite" an insulating material for building, rough and finished lumber, box shooks, crating and liner board.

Active Operations

This year, sales of newsprint, sulphite pulp and kraft paper have been at capacity rates, and at better prices. Due to rising labor and commodity costs and pulpwood prices, it is not expected that the relative improvement in earnings will continue as high for the remainder of the year as in the early months. However, with a higher price for newsprint paper in 1938, further gains in earnings are anticipated next year. Cash position of the bankruptcy is adequate to meet operating requirements and to pay for plant improvements planned for this year.

The combined annual capacity of mills at International Falls, Minnesota and at Kenora and Fort Frances, Ont., is 250,000 tons of newsprint, 34,000 tons of kraft liner board and 300,000,000 feet of Insulite.

National Pole Unit

In addition to its own mills, the company has an interest in a major subsidiary, National Pole and Treating Co., which formerly was a profitable enterprise. In the first half of 1937, however, National Pole and Treating did not earn bond interest. It is anticipated that there will be improvement in the National Pole operations, but the value of the M. and O. investment remains problematical at the moment.

In the course of the depression and bankruptcy, Minnesota and Ontario lost its control of Great Lakes Paper Co. From the investment viewpoint, it is evident that the outlook for the company's bonds depends largely upon the terms of reorganization and upon whether new capital is required.

Capitalization—	Authorized	Outstanding
Common	$15,000,000	$10,092,000
Pref. 6% cum. ..	5,000,000	4,036,000

Par $100.

Funded Debt—
1st mtge. S. F. bonds, 6% series A, due serially 1930 to 1945, outstanding $15,400,000; series B due 1948, $4,000,000; series C, due 1950, $5,000,000. Interest on series A and B in default since Apr. 1, 1931; on series C since May 1, 1931.
Six per cent gold notes, due Mar. 1, 1931, issued $3,500,000. Principal and interest due Mar. 1, 1931 and later in default.
Town of Kenora debs. due 1937-1942, outstanding $35,000. Secured by special deposit with trustee.

Dividend Record—
Preferred—None paid since Jan. 2, 1931.
Common—None paid.

Head Office—Minneapolis, Minn.

Bondholders' Protective Committee—
F. K. Schrader, chm.; A. D. Cobban, C. S. Garland, F. M. Gordon, R. P. Matthiessen, W. A. Smart, R. S. Waldie, H. D. Thrall, H. R. Mosser, sec., Chicago.

Six Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1931§	1,869,236	225,360	36,962,882
1932	†178,726	......	25,924,036
1933	†814,632	......	22,452,872
1934	†25,441	......	18,740,230
1935	107,333	......	12,733,920
1936	896,793	......	8,793,824

§For 14 months ended Feb. 28, 1931.
†Loss.

Port Royal Pulp

Heavy Export Orders Bring Operations to Capacity — New Financing Arranged

Port Royal Pulp & Paper Co., which owns and operates the old Nashwaak pulp plant at Fairville, N.B., reports capacity operations. Late last fall the company secured an important contract from the Brown Co. to supply between 25,000 and 30,000 tons of sulphite pulp for rayon manufacture to a Japanese importing firm.

Expansion in the Port Royal plant was necessitated by the order. In addition, the City of Saint John built a new dam on the Menzies Lake to furnish the plant with an additional three million gallons of water a day.

Bonds Finance Expansion

In order to carry out its expansion programme and to take care of the additional business, the company sold $385,000 of 5% first closed mortgage serial bonds. Part of the proceeds was used to retire the old 6% bonds, the balance being used for additions and improvements to the mill, increasing the capacity to 35,000 tons of bleached sulphite annually.

Last month the company sold $625,000 of 5% first mortgage serial bonds. With the proceeds of this issue, the company retired the 5% serial bonds, the balance left over after this transaction being sufficient to cover the cost of changing over the plant for the manufacture of rayon pulp.

New contracts have been entered into by the company for its entire output from July 1, 1937, to Dec. 31, 1938, at a substantially higher price than at which output of the plant was being sold prior to July 1. At the new contract price it is estimated that operating profits for the year ended May 31, 1938, will amount to over $300,000 before provision for depreciation and income tax. Earnings on the same basis this year were $163,194.

Capitalization—	Authorized	Issued
Common, n.p.v. ..	50,000 shs.	40,545shs.

Funded Debt—
5% 1st mtge. serial bonds, due 1937-1941, issued $800,000.

Interlake Tissue

Interlake Tissue Co., manufacturers of paper specialties such as napkins, towels, decorative crêpes and other similar products, is reported to be enjoying a good volume of business. The demand for products such as this company produces varies little from year to year, with the result that Interlake Tissue has been able to maintain operations on an even keel at its Merritton, Ont., plant, while profits have been consistently steady.

The financing of Interlake Tissue was carried out privately, so that there is no direct public investment interest in the enterprise. Financial statements are not made public, so that it is not possible to review the company's finances or earning power.

Capitalization—	Authorized	Outstanding
Common	$1,000,000	$625,000

Par $100.

Officers and Directors—
G. Carruthers, pres. and gen. mgr.; S. F. Duncan, vice-pres. and treas.; W. J. Parks, sec.; A. Fasken, S. B. Munroe, A. B. Connable, T. A. Weldon, A. E. Curtonius, Kalamazoo, Mich.

ADVERTISING LINAGE

Newspaper advertising in 52 major American cities in the first seven months of 1937 totalled 811 million lines. This contrasts with 767 million lines for the same period in 1936.

Powell River

Big Coast Producer Enters Sulphite Pulp Field on Large Scale

Powell River Co., the largest producer of newsprint in British Columbia, is spending $400,000 to enter the export pulp field.

Work was begun late last spring on installation of machinery to produce dry, unbleached sulphite pulp. The new machinery will have a capacity of 30,000 tons a year when running at full production.

It is anticipated a large part of the unbleached product will find a market in the Orient, especially in Japan.

The entry of the company into the sulphite pulp field does not indicate any departure from the major operation of manufacturing newsprint.

Newsprint operations have been maintained at or near capacity by the company for some time past. Little public information is available regarding finances and earnings. The property is owned and operated by the Brooks interests in Minneapolis and no financial statement is made public.

Earnings in recent years no doubt have not been particularly satisfactory, but it is expected that income this year will show considerable advance owing to the higher price prevailing for newsprint. Further, the company stands to benefit largely by the new price announced for 1937, amounting to $7.50 a ton over the present contract price. It is expected that the company will be able to retain the greater part of this increase in net profits.

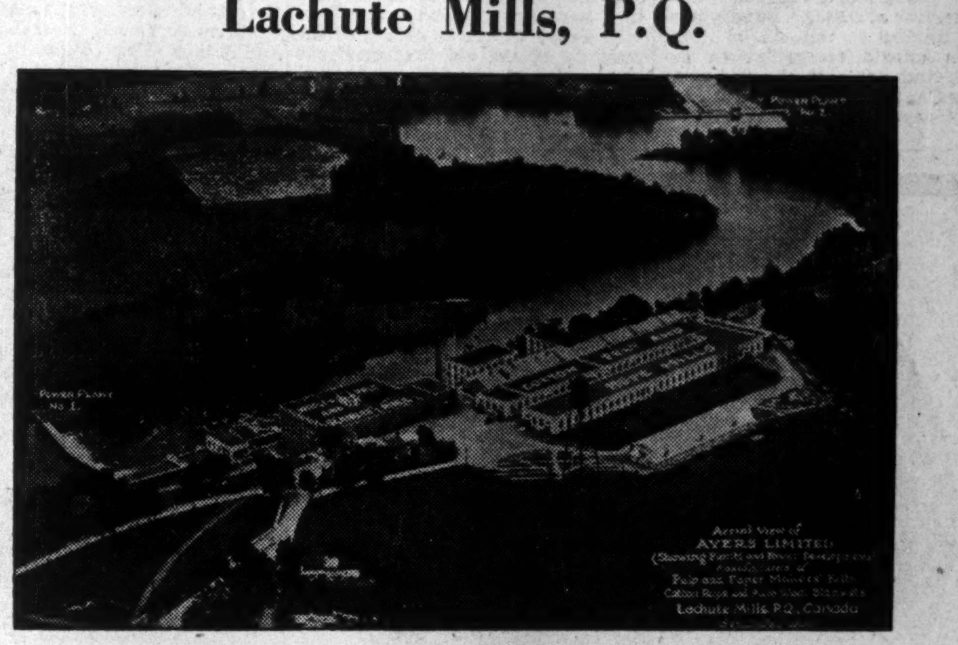
ABITIBI—

We have prepared an analysis of this Company's earning power as applied to the proposed capital structure under the Liquidator's and the Ripley reorganization plans.

Copy on request.

W. C. Pitfield & Company Limited
235 St. James Street MONTREAL
80 King St. West TORONTO

Established 1870
AYERS LIMITED
Lachute Mills, P.Q.



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PULP AND PAPER MAKERS' FELTS
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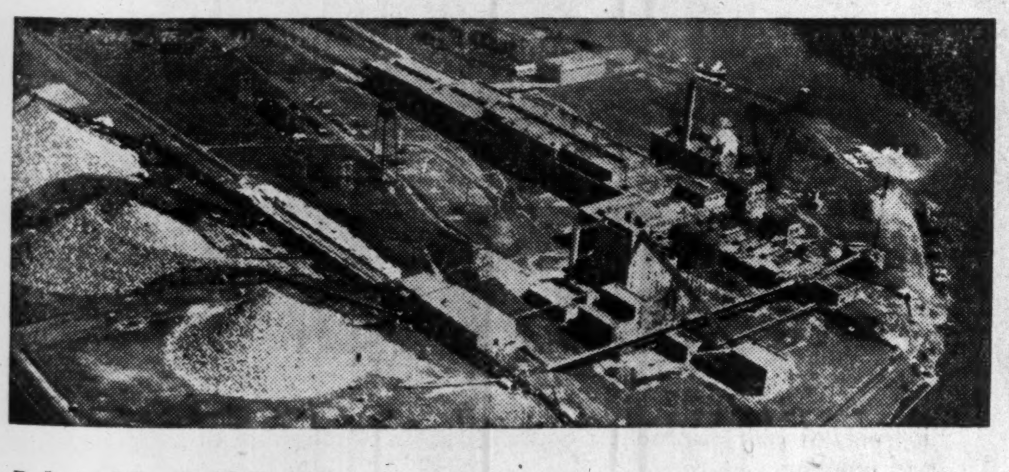
COTTON TRANSMISSION ROPE
PURE WOOL BLANKETS
Household Use — Machine Clothing
Printing — Stereotyping
TWEED and other WOOLLEN CLOTHS

THE GREAT LAKES PAPER COMPANY LIMITED



Pulp and Paper Mill at Fort William, Ontario

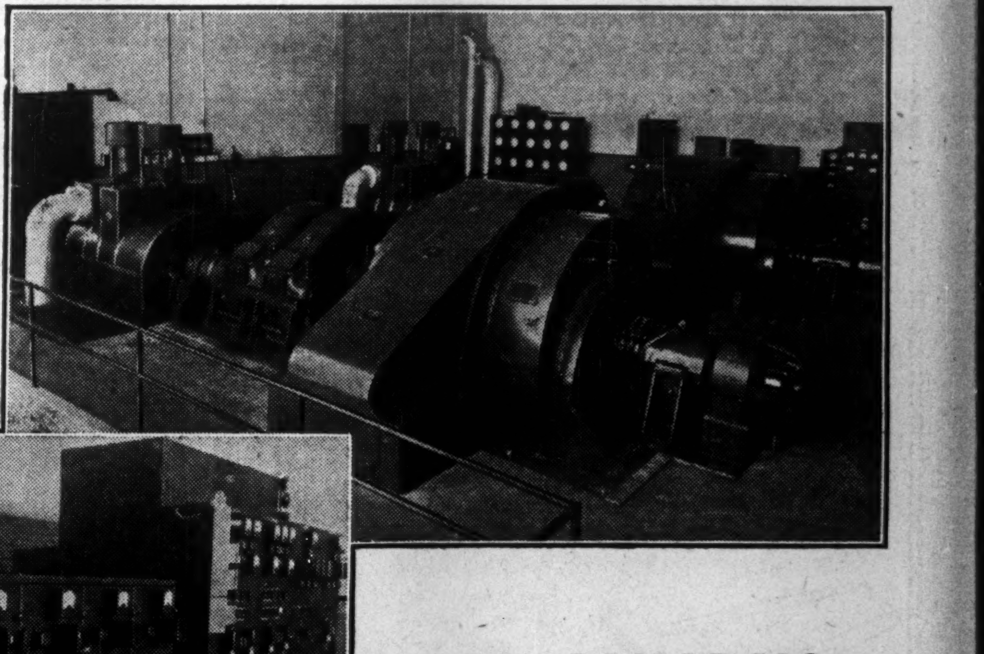
Manufacturers of
Newsprint Paper
and Sulphite Pulp

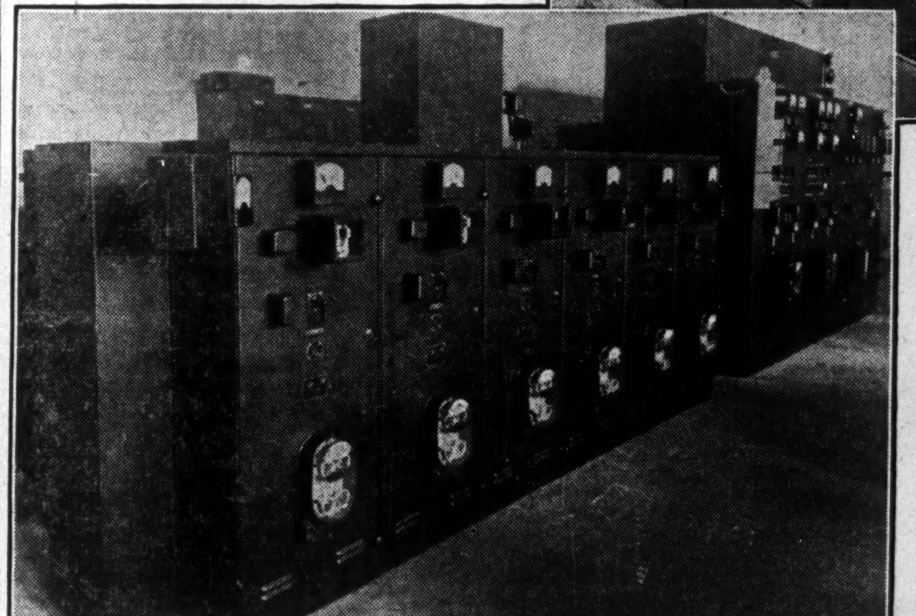
OFFICERS
President—C. H. Carlisle
Vice-President—E. G. Long, K.C.
Secretary R. G. Meech
Treasurer Leo J. Heit

DIRECTORS
A. D. Cobban, L. E. Aldrich
C. B. Shields, J. W. McCurdy
Ray Lawson, H. Ponting, H. Murphy

Head Office: 204 Richmond St. West
TORONTO, ONTARIO

Everything Electrical . . .





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THE proved ability to stand up under heavy service — backed by continuous research — unsurpassed engineering — and close co-operation with leading producers, has earned for General Electric equipment the confidence of the entire Canadian Pulp and Paper Industry.

In addition, is the important fact that everywhere in Canada, C-G-E engineers are always ready to co-operate with pulp and paper producers to ensure unfailing service.

When ordering electrical equipment of any kind, consult the C-G-E office nearest you.

37-CGE-38

CANADIAN GENERAL ELECTRIC COMPANY LIMITED
Head Office—Toronto—Sales and Engineering Offices in Principal Cities

Price Bros. and Co.

Marked Pick-up in Earning Power Features Last Year's Returns — New Capital Raised and Company Taken Out of Receivership

The long anticipated reorganization of Price Bros. and Co., one of the largest newsprint manufacturers in the Dominion, was carried out early this year, with control passing to interests associated with the Royal Securities Corp. Improvement in the general newsprint situation has been reflected in a strengthening of the company's operations and finances.

The report covering the year ended March 31, 1937, shows a wide expansion in operating revenues with a net loss after all charges, including depreciation and depletion, of only $293,913, as against a loss of about $1.6 million for the year previous.

Net earnings last year were $1,590,710, compared with $534,320 the year before. Against this, special bank interest and bond interest were debited to the extent of $817,897. Depreciation and depletion together amounted to nearly $1.2 million.

Clean Up Balance Sheet

The balance sheet reflects the internal reorganization carried out by the company. Bank loans are shown at over $2.8 millions, a reduction during the year of $563,000. Sundry payables totalled $1 million, including certain unpaid reorganization expenses and debts to the Saguenay Power Co., secured by collateral. Accounts payable amounting to over $2.8 millions were liquidated as a result of the reorganization.

Changes in the capital set-up include an increase in the funded debt from $11 millions to over $19 millions, while the common stock book value is reduced from $42.6 millions to $21.5 millions. Outstanding preferred stock remains the same.

Create Capital Surplus

Further, as a result of the internal reorganization the book deficit of over $8.7 millions has been converted into a capital surplus of $7.6 millions.

The principal changes among the assets, as compared with the report for 1936, are shown in inventories which increased from $4.3 millions to nearly $5.5 millions; investments of $859,406 to $4 millions; the writing down of accounts receivable from the Quebec Investment Co. and the Newsprint Institute of Canada from $1.8 million to $2 and a reduction of property account from $50 millions to $46.4 millions.

Reorganize Company's Affairs

Reorganization of the company was hastened by the action of Pocona Ltd., controlled by Aluminium Ltd., Saguenay Power Co. and Lehman Bros., which, as owner of the majority of the old first mortgage bonds, started foreclosure proceedings. Prior to this Pocona had offered a plan of reorganization which was not acceptable to the preferred and common shareholders.

In order to protect their interests, shareholders brought forward a new plan which provided for the raising of $19,268,000 of new funds with which to retire the old bonds, pay all creditors and provide the company with net working capital of approximately $6 millions.

The new funds were raised through the issue of $12 millions of 20-year sinking fund bonds and $3 millions of two to six-year serial bonds. The company also issued $4,268,000 of 20-year convertible 4% debentures, convertible for 10 years into common stock at $30 a share. These debentures were offered to the old common shareholders pro rata.

The capitalization of the company under the present set-up includes $12 millions of first mortgage bonds; $3 millions of serial bonds; $4,268,000 of convertible debentures; $6,284,300 of preferred stock and 679,064 shares of common stock. The latter includes 142,266 shares held for conversion of debentures.

In effect the plan capitalized the old bonded debt, accrued liabilities in connection therewith, and creditor claims.

Sell Block of Stock

Last March the Royal Bank of Canada, which held minority control of the company through minority control of stock hypothecated against loans by the Quebec Investment Co., the private holding company of the Price family, sold 137,000 shares to a syndicate comprising the Royal Securities Corp., Lord Rothermere, Lovett Bros. and Kitcat and Aitken. This change in ownership of stock gave majority control to interests which have been closely identified with the internal reorganization of Price Bros.

The company's financial affairs have now been straightened away and adequate working capital provided to meet expanding business. The statement for 1937 is a healthy criterion of the company's earning power under more normal conditions, leading to the expectation that with operations continuing at capacity and with higher newsprint prices in prospect, substantial earnings can be developed for the common stock.

Capitalization— Authorized Outstanding
Common, n.p.v. . 679,064 sh. 543,716 sh.
Pref., 5½% $6,284,300 $6.284,300
Par $100.

Funded Debt—
1st mtge bonds, 3, 3½ and 5%, due 1939-43 and 1957: $15,000,000; 2nd mtge. convertible debs. 4%, due 1957, $4,060,900.

Dividend Record—
Preferred entitled to 5½% per annum, payable quarterly, cumulative from Jan. 1, 1939; no dividends may be paid which will reduce working capital to less than $5,000,000. Dividends on old 6½% preferred paid regularly from 1926 to Jan. 2, 1932; none thereafter, and on old common 2% per annum paid from 1921 to July 2, 1931, ¼% paid Oct. 1, 1931, none thereafter.

Head Office—Price House, Quebec, P.Q.
Directors—Col. C. H. L. Jones, pres.; A. A. Aitken, vice-pres.; J. D. Johnson J. C. Newman, P. F. Sise, H. J. Symington, chm., Montreal; Alfred Marois, A. C. Picard, A. C M. Thomson, Quebec, Que.; Sir Keith Price, London, Eng.; G. B. Elwin, treas., A. M. Knill, sec.

INCOME AND EXPENDITURE ACCOUNT
Years Ended March 31

	1937 $	1936 $
Oper. profit	1,789,317	675,324
Add: Divds. rec.	3,424	47,024
Misc. revenue	13,121	12,900
Total income	1,805,862	735,248
Less: Bank loan int.	191,445	162,808
Misc. interest	23,706	8,120
Bad debt res.	......	30,000
Net earnings	1,590,709	534,320
Less: Spec. bk. int.*	125,588	......
Bond interest	692,310	663,696
Depreciation	1,000,000	1,000,000
Depletion	192,313	363,067
Power adj.	......	37,582
Rent, adj.	......	65,600
Net loss	293,912	1,595,625

*Interest on loan obtained to redeem company's old bonds.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Com. ...	53	25	26½	2⅝	3⅞	1½
Pref. ...	79	60	103½	22	33⅝	15

*To September 15.

Consolidated Paper

Company Relieved of Responsibility of Paying Interest in Cash for 5 Year Period — All Mills Operating Next Year

Consolidated Paper Corp. plans to reopen its Cap de la Madeleine mill early next spring, at which time all of the company's mills will be in operation for the first time in more than five years.

As the largest newsprint manufacturer in Canada, Consolidated Paper's operations and earnings are followed with close attention. The mill reopening indicates anticipated expansion in the demand for newsprint paper, together with a selling price.

During the first quarter of this year sales of the company were up about 6%, according to L. J. Belnap, president.

At the end of March it showed an excess of current assets over current liabilities for the first time since its formation. This indicates an improvement of nearly $1 million over 1936. Collection of $1,225,000 from Price Bros. and Co. contributed to this improvement; as a result, the company's loan from the Montreal Trust Co. has been paid.

As at April 15, 1937, the market value of investment securities was approximately $1,500,000 in excess of book value.

Show Steady Gains

Since the commencement of operations at the beginning of 1932, Consolidated Paper's net operating results have shown a consistent improvement. Net profit, before depreciation, depletion and bond interest, has increased from a loss of $98,097 for the 15 months ended March 31, 1933, to a profit of over $2.7 millions for the nine months ended Dec. 31, 1936.

During this period secured bank loans were reduced from $11.2 millions to $1.5 millions; special bank loans from $8.2 millions to $7.6 millions; Montreal Trust Co. loan $546,518 to $283,995. As already mentioned this latter item has been eliminated since the end of the last fiscal year.

Net working capital has improved over $5 millions. At the beginning of 1932 there was an excess of current liabilities over current assets of $5,021,778. This had been reduced to $725,376 at the end of 1936 and by the end of the first quarter of this year assets exceeded liabilities.

Stock for Interest

Under the plan of reorganization, it is provided that interest on the first mortgage bonds would be paid only out of income of the company up to and including July 2, 1936, after which interest will be cumulative and payable semi-annually, the first payment being due Jan. 2, 1937.

Despite the improvement in the company's operations and earnings, it was considered advisable to conserve liquid resources and to that end a plan was brought forward and approved by the bondholders for meeting the obligations of fixed charges.

In return for waiving their rights to interest in the three years beginning July 2, 1936, and agreeing to place the bonds on a cash or stock basis in the subsequent two years, the company gave the bondholders 15 shares of common stock for each $1,000 bond held.

In order to provide for the issue of additional stock, the authorized capital was increased from two million to 3½ million shares. The bondholders were allotted 771,105 shares bringing outstanding common shares up to 2,308,789.

Build Up Finances

Over the past year earnings have been sufficient to warrant the payment of interest in cash. However, by conserving the liquid resources, it is hoped that the company will be able to pay off all of its bank loans and build up its working capital to an adequate firgure before the expiration of the three-year term, after which it will have two years of grace to decide whether or not to resume payments in cash or stock.

Capitalization— Authorized Outstanding
Common, n.p.v. 3,500,000 sh. 2,308,789 sh.

Funded Debt—
1st mtge. gold bonds and sterling debenture stock, 5½%, due 1961, outstanding $51,406,900. Balance of issued bonds pledged as collateral to special bank loans.

Subsidiaries—
Wayagamack News, 5% 1st mtge. deb. stock, due 1940, outstanding $636,074.
Ha! Ha! Bay Land & Building 5½% serial bonds, due 1939, outstanding $53,200.

Head Office—Montreal.
Officers and Directors—
Officers — LaMonte J. Belnap, pres.; G. M. McKee and C. R. Whitehead, assts to the pres.; George Henderson, compt.; G. Wilfred Hodgson, sec.; D. Lloyd Adams, treas.; John W. Hodgson, asst. treas.
Directors — LaMonte J. Belnap, G. M. Todd, H. Crabtree, N. J. Dawes, W. H. Howard, Ross H. McMaster, E. A. Macnutt, A. B. Purvis, C. F. Sise, Julian C. Smith. Montreal; Col. H. D. Lockart Gordon, Toronto.

Times Bond Interest Earned—
Years ended Mar. 31:

	*1936	1936	1935
Before deprec.	1.28	0.80	0.39

*For 9 months ended Dec. 31

Four Years Earnings—

Year	Earnings $	Dividends $	Deficit $
1933*	†98,087	......	98,087
1934	†235,141	......	129,533
1935	1,044,320	......	120,533
1936	2,269,450	......	120,533
1936	‡3,713,187	......	▲111,130

*15 months. ‡9 months. ▲Credit.
†Loss.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Com. ...	24½	10⅞	11	2	2.25	.70

*To September 15.

Quebec Pulp

Plants Continue Inoperative — Shareholders' Interest Is Protected

Though the demand and price of all grades of pulp has advanced substantially in the last 18 months, Quebec Pulp and Paper has not reopened its Chicoutimi mill. This is attributed to the fact that while some profit might be made at the current price for groundwood pulp, it would be inadvisable to make the necessary capital expenditures without the assurance of a long-term contract.

It is possible that other interests may lease or acquire the property. This might be done with the assistance of the Quebec Government which is anxious to see the mill reestablished as it is the sole means of livelihood for a large number of people in the area.

Assets Are Valuable

Reports that the Government would expropriate the property and hand it over to other interests who are willing to operate, are not given much credence. Quebec Pulp is not bankrupt. It has $550,000 of Dominion of Canada bonds in its treasury. Its principal liability is in an amount of about $1 million owing to the Quebec Government. This liability might be used by the administration as an excuse to cancel leasehold timber limits, but even that step would not materially weaken the position of the company.

It would be difficult, if not impossible, to establish a pulp or paper industry at Chicoutimi without purchasing the property of Quebec Pulp, for the latter owns outright a number of valuable assets, without which it would not be possible for a new enterprise to operate.

There is a fairly wide public investment interest in this enterprise, especially in Quebec. The company has outstanding over $7 millions of preferred stock, on which no dividends have been paid for many years. Control of the company, through ownership of the common stock, rests equally with Price Bros. and Co. and Consolidated Paper Corp.

Cover Capital Stock

The assets of Quebec Pulp are of considerable importance and value. The company either directly or through subsidiaries, owns waterpower sites with a combined potential capacity of 60,000 h.p., of which 36,000 h.p. is developed. Timber lands of the company, located on the Saguenay and Peribonka watersheds, contain over five million cords of freehold and leasehold pulpwood. In addition, the company owns a large part of the townsite at Chicoutimi and has two mills at the same point, both of which would require considerable capital expenditure to put in running order. It is contended that if these assets were realized upon, it would be possible to pay all claims against the company, as well as pay off preferred stock at face value.

Capitalization— Authorized Outstanding
Common, n.p.v. .. 100,000 sh. 100,000 sh
Pref., par $100 .... $7,000,000 $7,000,000

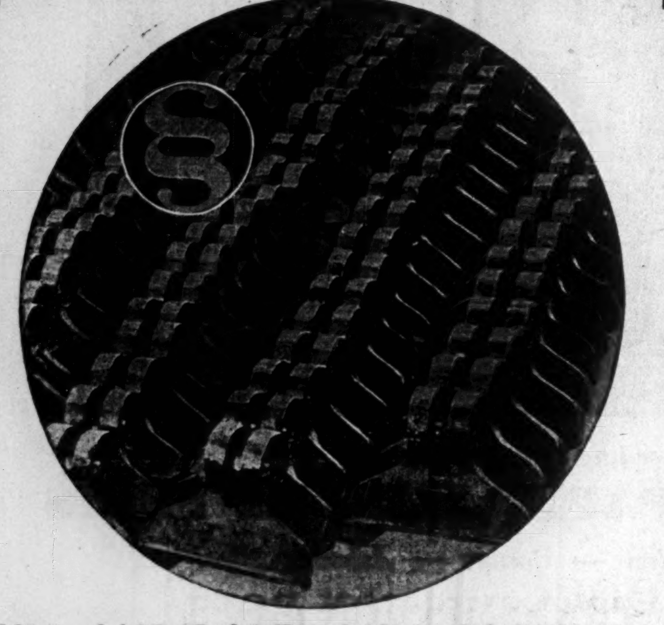
Funded Debt—
None.

Dividend Record—
Preferred—7% per annum, non-cumulative. None paid to date.
Common—None paid.

Head Office—Chicoutimi, P.Q.
Officers and Directors—
Officers—A. Stewart McNichols, pres.; C. R. Whitehead and Major Edward Flynn, vice-presidents; O. Brand, treas.; J. M. Carignan, sec.
Directors—A. Stewart McNichols, G. M. McKee, J. G. Porteous, G. Henderson, C. R. Whitehead, Montreal; J. H. Price, G. B. Elwin, Quebec; Major Edward Flynn, Kenogami, P.Q.

Consolidated Deficit Account
Years Ended Dec. 31

	1936 $	1935 $
Revenue	39,859	25,821
Non-oper. expense:		
Admin. & gen.	21,280	21,450
Fixed charges	202,355	190,835
Plants & miscel.	19,858	23,620
Depletion res.	6,835	3,577
Loss before deprec.	210,471	213,661
Add: Prev. deficit	3,116,012	2,959,008
W/o Chic. plant	500,000	......
Less: Trans. from conting. res.	......	56,657
Deficit forward	3,826,483	3,116,012



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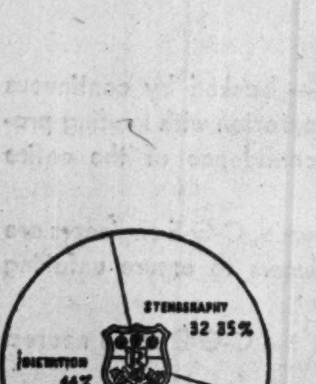

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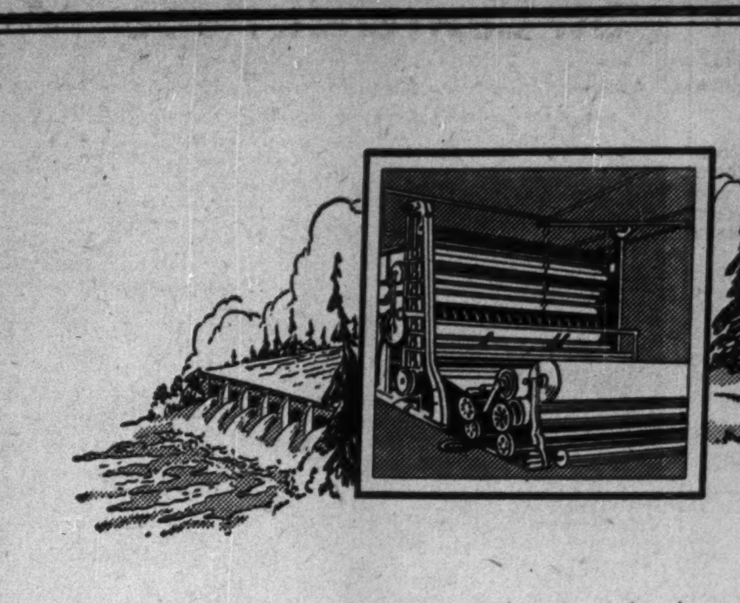
ROLLAND PAPER COMPANY LIMITED
HIGH GRADE PAPER MAKERS SINCE 1882
MONTREAL
Branch Office: TORONTO, Ont. Mills at ST. JEROME and MONT ROLLAND, Que.



Canadian Newsprint Industry Advances

Newsprint production in Canada in the first eight months of 1937 increased 19% over the corresponding period in 1936, and is larger than ever before. Many Canadian newsprint mills are operating at capacity, and the average rate of operations is higher than has existed at any time since 1929.

Canadian newsprint mills enjoy three distinct advantages—vast timber limits, readily accessible and low-cost power, and proximity to United States, the largest newsprint consuming market in the world. Canadian mills provide United States with over 60% of its newsprint requirements.

Demand for Canadian newsprint from Great Britain, the Orient and other parts of the world is also increasing.

For these reasons, we direct attention to the investment opportunities afforded by the securities of Canadian newsprint companies.

Enquiries invited.

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Toronto
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SHERWIN-WILLIAMS PAINTS

Lake St. John

Earnings on Common Expected to Result from Operations This Year

Newsprint mill operations of Lake St. John Power & Paper Co. have been stepped up from 79.3% in 1935 to 90.1% in 1936 and to a current level of close to effective capacity. This has resulted in increasing the output from 270 to over 300 tons daily.

Earning power has reflected the increase in operations and also the advance in the price of newsprint from $41 a ton last year to $42.50 a ton this year.

At the present rate of income, returns for 1937 will show all bond and debenture interest earned, as well as the preferred dividend, with a balance of better than $1 a share on the common stock.

Sale of surplus sulphite pulp is proving a profitable source of revenue. The company has about 12,000 tons selling at $60 a ton. In this connection Lake St. John has installed equipment for packing and shipping the pulp. The capital outlay in this connection will be covered out of this year's earnings, so that the profit from pulp sales will not figure so largely in the returns as might otherwise be the case.

The change which has taken place in earning power is well illustrated by an examination of the financial statement for 1936. In that year the company covered bond and debenture interest, but was short of the dividend on preferred. It now appears that net income for 1937 will run around $250,000 or better, after interest charges, compared with $103,001 in 1936.

Dividends Are Possible

There is no official information available as to dividends on the preferred or common this year. Under the reorganization plan, the company cannot pay a dividend as long as any bonds and debentures are outstanding, if the distribution would lower net working capital below $1.5 million, or almost equal to the amount reported at the end of last year. Technically there are no obstacles to the payment of dividends on the capital stock, nearly all of which is owned by St. Lawrence Paper Mills.

Late last fall the company carried out a reorganization plan, which did much to strengthen its financial position.

Holders of the 6½% first mortgage bonds received $120 of new 5½% bonds, $2.50 in cash for interest to June 30, 1936, and one-fifth share of common stock for each $100 of principal bonds held.

Holders of the 6½% debentures, for each $100 received $125 of new 5% debentures, $2 for interest to June 30, 1936, and one-half of common stock.

Holders of the 7% preferred stock received share for share of new 6% non-cumulative preferred and 51,469 of the 100,000 new common shares.

Holders of the old common received one-quarter share for each share held.

Change in Control

The redistribution of common shares gave majority control to St. Lawrence Paper Mills Co., as owner of the preferred rather than to its parent holding firm, St. Lawrence Corp., which held 99.2% of the old Lake St. John common.

LAKE ST. JOHN POWER AND PAPER
(Controlled by St. Lawrence Corp.)

Capitalization—	Authorized	Outstanding
Com., n.p.v.	100,000 shs.	†100,000 shs.
Pref., cum.	$1,800,000	*$1,800,000
Par $100.		

*All owned by St. Lawrence Paper Mills Co., Ltd.
†As at Dec. 31, 1936, 51,469 shares owned by St. Lawrence Paper Mills and 24,811¼ shares by St. Lawrence Corp.

Funded Debt—
1st mtge. bonds series 5½%, due 1961, outstanding $5,652,600; 5% mtge. debs., due 1961, $3,527,500.
Head Office—Dolbeau, P.Q.
Officers and Directors—
Officers—D. H. McDougall, chairman of board; A. Stewart McNichols, pres.; H. H Horsfall, vice-pres.; P. M. Fox, gen. mgr.; C. W. Davison, sec.-treas.
Directors — D. H. McDougall, H. H. Horsfall, Toronto; Arthur H. Campbell, A. S. McNichols, J. I. Rankin, John Stadler, A. Scott Fraser, Montreal.

Times Interest Earned—

Bond interest:	1936	1935	1934
Before deprec. .	2.90	1.76	1.33
After deprec. .	1.99	1.04	0.64
Debenture interest:			
Before deprec. .	3.39	1.26	0.54
After deprec. .	1.86	0.07	...

*All interest

Six Years Earnings—

Year	Net Earnings	Dividends	Surplus
1931	569,963	......	*51,968
1932	388,740	......	*404,738
1933	305,945	......	*773,856
1934	†405,822	......	*993,534
1935	†537,578	......	‡*1,265,323
1936	†792,532	......	103,001

†After depletion.
*Deficit.
‡Deficit eliminated by reorganization.

Market Record—

	*1937 High	Low
Common	87	52

*To September 15.

Cellophane Big Outlet For Canadian Cellulose

Cellophane is manufactured and marketed in the United States by the E. I. Dupont de Nemours and Co. and in Canada by Canadian Industries Ltd.

Cellophane, which is the registered trade name, uses wood cellulose as a base and as such proves one of the outstanding outlets for bleached sulphite.

The only difference between Cellophane and rayon lies in the appearance—Cellophane comes in sheet form, rayon in filaments—and in the length of time the viscose undergoes ripening.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. — Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. — Iroquois Falls, Ont.
Espanola, Ont. — Smooth Rock Falls, Ont.
Pine Falls, Man. — Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

St. Lawrence Paper Mills

All Machines Now Brought Into Operation — Higher Newsprint Price Will Add to Earning Power This Year

St. Lawrence Paper Mills is operating all of its machines at the Three Rivers Plant. The company has sufficient business on hand to keep the plant operating at close to effective capacity during the balance of the year. This should tend to reduce overhead expenses, while the advance in the selling price of newsprint paper should add materially to dollar income.

Last year the company reported a net profit ($238,304) for the first time since 1931. This was equivalent to earnings of $1.68 a share on the preferred stock which is in arrears of dividends since July 15, 1931. It would not be surprising if the company were to show the preferred dividend earned as a result of operations this year.

During the past year St. Lawrence Paper Mills settled its liabilities to Shawinigan Water and Power Co. and Brompton Pulp and Paper at a saving of $372,075. Further collections and settlements resulted in an additional saving of $60,117. These items, together with the operating profit, were transferred to depreciation reserve.

Another development of importance was the reorganization of Lake St. John Power and Paper Co. This resulted in the company's holdings of 36,000 shares of Lake St. John 7% cumulative preferred stock being replaced by 18,000 shares of 6% non-cumulative preferred stock and 51,459 shares of common stock. The latter represents voting control.

The current market value of these holdings is in excess of the book value of $2,150,000.

Higher Newsprint Sales

Newsprint sales last year amounted to 123,812 tons, as compared with 108,348 tons in 1935. Increased production per paper machine resulted in greater demand for pulp making equipment. The bringing into production of the sixth paper machine a short time ago, involved a substantial expenditure for additional equipment.

Expectations are that newsprint sales this year will be in the neighborhood of 140,000 tons. Further, the average selling price will be higher than in 1936, which should materially improve the dollar value of sales. As regards the immediate outlook, the fact that the price of newsprint has been advanced $7.50 a ton for the first half of 1938 should materially improve the earnings prospects of the company.

ST. LAWRENCE PAPER MILLS
(Controlled by St. Lawrence Corp.)

Capitalization—	Authorized	Outstanding
Com., n.p.v.‡ ...	1,000,000 sh.	514,675 sh.
Pref. cum. red. .	$19,000,000	$14,225,600
Par $100.		

‡Upon completion of exchange of these shares will be held by the parent company. As at Dec. 31, 1936, 507,322 shares were so owned.

Funded Debt—
None.
Dividend Record—
Preferred — Entitled to 6% per annum, cumulative from April 15, 1928, payable Jan., April, July and Oct. 15; paid regularly until April 15, 1931, when payment reduced to ¾ of 1%; payment due July 15, 1931, deferred; one since.
Common—None paid.
Head Office—Montreal.
Officers—A. K. Cameron, chm. of bd.; J. I. Rankin, pres.; A. F. White, vice-pres. and man. dir.; A. M. Creighton, compt. and sec.-treas.; A. C. Davy, asst sec.-treas ; A. McCann, asst. sec.; D. G Stenstrom, gen. mgr.
Directors—H. C. Flood, R. W. Steele, J. I. Rankin, A. K. Cameron, A. H. Campbell, N. A. Timmins, Jr., P. H. Nitze, all of Montreal; A. F. White, Toronto.

Earnings per Share and Dividend Record—

	1936	1935	1934
Pref.: Earn.	•$1.68	•d$0.22	•d$2.58
Paid	nil	nil	nil
Com.: Earn.	•d1.20	•d1.72	•d2.37
None paid.			

•Before depreciation or depletion.

Seven Years Earnings—
Year ended Dec. 31:

Year	Earnings $	Dividends $	Surplus $
1930‡	1,389,496	855,000	859,811
1931	427,452	106,875	640,134
1932	§288,671	......	§944,245
1933	§430,887	......	§1,659,357
1934	§360,981	......	§2,143,338
1935	§30,964	......	§2,250,459
1936	292,039	......	nil

‡Year ended June 30.
§Loss.

Market Record—

	*1937 H	L	1936 H	L	1935 H	L
Pref. ...	98	63	72½	20½	22½	8¼

*To Sept. 8.

St. Lawrence Corp.

Newsprint companies controlled by St. Lawrence Corp. have improved their position individually, and while there is no prospect of the parent company receiving any large income from its holdings during 1937, the outlook over the next two or three years appears promising.

St. Lawrence Corp. owns practically all the common stock of St. Lawrence Paper Mills and Brompton Pulp and Paper, but holds only a small interest in the common stock of Lake St. John Power and Paper. It has no earning power, income being derived solely from dividends on stock holdings in these subsidiaries.

Last March shareholders of St. Lawrence Corp. approved a reduction in the capital value of certain assets and a corresponding reduction in the book value of the common stock to the extent of nearly $5.2 millions, which was unrepresented by available assets.

Pref. A cum.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	*2,000,000 sh.	576,797 sh.
Pref. A cum. conv. red.	$15,000,000	$14,881,650
Par $50.		

*7,500 shares reserved against options to subscribe for stock of St. Lawrence Paper Mills Co. and 600,000 for conversion rights of class A preferred.

Funded Debt—
None.
Dividend Record—
Preferred — Entitled to 4% per annum ($2), cumulative from April 1, 1930, payable Jan., April, July and Oct. 15. Initial dividend of 50c. per share paid July 15, 1930. Payment reduced to 2% (25c. per quarter) with payment due April 15, 1931. Payment due July 15, 1931, deferred; none since.
Head Office—Montreal.
Officers and Directors—
Officers—A. F. White, chairman; A. K. Cameron, pres.; J. I. Rankin, vice-pres.; A. M. Creighton, sec.-treas.; A. C. Davy, asst. sec.-treas.
Directors—J. I. Rankin, N. A. Timmins, Jr., D. H. Taylor, A. K. Cameron, H. C Flood, R. W. Steele, Arthur H. Campbell, Montreal; A. F. White, H. H. Horsfall, George R. Cottrelle, Toronto.

Deficit Account
Years Ended Dec. 31

	1936 $	1935 $	1934 $
Deficit for year ...	34,574	8,961	8,096
Add: Prev. deficit.	20,531	11,617	3,521
Less: Adjust.	.....	47	....
Deficit forward ...	55,105	20,531	11,617

Market Record—

	*1937 H	L	1936 H	L	1935 H	L
Com. ...	15¼	8½	9	1½	1.90	.60
Pref. ...	39¾	25	27	8	9½	3

*To Sept. 8.

Brompton

Earnings for 1937 Reported to be Running Well Ahead of Last Year

Earnings of Brompton Pulp and Paper Co. are understood to be running well ahead of last year when net earnings of $490,267 were the best reported since 1929.

Improvement in the company's sales and earnings has been due to its broad diversification of products. Not only is the company engaged in the manufacture of newsprint paper, but it is also an important producer of kraft pulp and kraft paper products, as well as fine papers, boxboard and lumber. This diversity has been particularly helpful to the company, though in 1932 and 1933 operating losses were recorded.

Public interest in Brompton, other than as a subsidiary of St. Lawrence Corp., is confined to a small number of common shares which have not yet been exchanged for shares in the parent company.

The company has no bonded debt, its capital consisting of only 300,000 shares of common stock. This stock in turn is represented by the class A shares of St. Lawrence Corp., which the Brompton shareholders accepted on a share for share exchange basis in 1930.

Strong Liquid Position

Financially Brompton occupies a strong position. At the end of last year the company had cash on hand and marketable securities equivalent to better than $3 a share, while net working capital was equal to nearly $7 a share. Cash on hand alone was nearly double current liabilities.

Indications are that the income account and balance sheet for this year will show a further improvement. Newsprint operations are close to effective capacity while the demand for other products shows considerable strength. It is reported that certain of the American subsidiaries, notably the Claremont Paper Co., are operating at a profit.

While prospects are that the company will be able to report substantially more than the 39 cents a share on the common stock, shown in the 1936 report, it is not expected that any action will be taken on dividends. It is more than likely that the company will follow the practice adopted last year of increasing depreciation reserve.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	500,000 shs.	*300,000 shs.

*Upon completion of exchange all these shares will be owned by the parent compan. As at Dec. 31, 1936, 297,633 shares were owned.

Funded Debt—
None
Dividend Record—
Common—None at present. Was $2 per annum, payable Jan., April, July and Oct. 15 Reduced to $1 per annum with quarterly payment April 15, 1931; payment due July 15, 1931, passed; none since.
Head Office—Montreal.
Officers and Directors—
Officers — A. F. White, pres.; R. W Steele, vice-pres.; A. M. Creighton compt. and sec.-treas.; A. McCann, asst. sec.; J. E. Palmer, asst. treas.; S. L. De Carteret, gen. mgr.
Directors—J. I. Rankin, R. O. Sweezey R. W. Steele, N. A. Timmins, Jr., S. L DeCarteret, Montreal; A. F. White, Toronto; F. C. Baker, Lennoxville; S. R Newton, D. J. Salls, Sherbrooke.

Six Years Earnings—

Year	Earnings $	Dividend. $	Surplus $
1931	174,322	75,000	1,328,900
1932	*870,931	....	*459,776
1933	*262,350	......	*803,491
1934	199,299	......	*787,94[illegible]
1935	203,207	......	*1,014,54[illegible]
1936	490,267	......	487,845

*Loss or deficit.

LEADING INDUSTRY

The pulp and paper industry, whose chief product is newsprint, ranks first among Canadian manufacturing industries in gross and net value of its products, as well as in the total number of employees and the amount of wages paid.

Ontario Paper

Big Development on Lower St. Lawrence Will be Brought Into Production by Next Year — Spend Over $12 Millions

Ontario Paper Co.'s long-planned development of the power site at Outardes Falls and pulp and paper mills at Comeau Baie is now well under way and it is expected that the plant will come into production in the spring of 1938 with an estimated annual capacity of better than 100,000 tons.

This company, controlled by the Chicago Tribune and the New York Daily News, has carried on pulpwood operations on the Lower St. Lawrence for many years, with manufacturing operations at Thorold, Ont. The Chicago Tribune and associated interests takes the entire output.

The requirements of the Chicago and New York papers greatly exceed the capacity of the Thorold plant, so that it has been necessary to purchase over 100,000 tons from other operators.

The Baie Comeau development involves the use of every form of modern construction, including building of roads, streets, office buildings, residences, warehouses, bridges, tunnels, dams, power plants, ships, railways, docks and piers.

It is expected that some $12 millions will have been spent on this development by the spring of 1938.

The entire output of Ontario Paper Co.'s new plant will be taken by the New York Daily News.

POWER FOR PAPER

Over 40% of the output of Canada's great hydro-electric industry is taken by the pulp and paper industry. Roughly 100 h.p. of electrical energy is required to produce a ton of newsprint paper.

BLEACHED SULPHITE PULP

Consumption of bleached sulphite pulp in Canada has increased from 138,624 tons in 1920 to 438,000 tons in 1936.

World's Greatest Paper Centre Depends on Shawinigan Power

IN the St. Maurice Valley of Quebec, there are 36 newsprint machines located: 20 at Three Rivers, 8 at Shawinigan Falls, and 8 at Grand'Mere, and, in addition, 7 kraft paper machines at Three Rivers. These machines, with a capacity rating of 2,850 tons, are at present producing nearly 2,600 tons daily, and for this purpose require 225,000 horsepower of firm power which is produced in the Company's great Hydro-Electric plants at Shawinigan Falls, Grand'Mere, La Gabelle, and Rapide Blanc.

Freedom from interruption in operation is essential in the production of newsprint and kraft papers, and the company is proud of its record of continuous service.

The
Shawinigan Water & Power Company
MONTREAL - CANADA

ANGLO-CANADIAN PULP AND PAPER MILLS LIMITED

◆

Manufacturers of Newsprint Paper

◆

Offices and Mills at Quebec City

Direct connection with both Canadian Railways

Privately owned deep-water Wharf on Tidewater

CAPACITY: 600 TONS DAILY

CHEMISTRY
and the Paper Industry

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Mills at

Riverbend : Kenogami : Jonquiere

Canadian Inter. Paper

Higher Selling Price Will Add Materially to Earning Power — Add to Pulp Facilities — Sales This Year Should Exceed $50 Millions

Canadian International Paper, with mills at Gatineau, Three Rivers, Dalhousie and Cornerbrook, continue to operate at capacity; while figures are not available, it is understood that current production is running at the rate of around 700,000 tons annually, a figure moderately in excess of that reported last year.

The Gatineau, Dalhousie and Cornerbrook plants have been operating all machines for some time. The Three Rivers mill, one of the largest in the world, brought all eight machines into operation at the beginning of the year, for the first time since 1930. The latter move increased the effective capacity of the Three Rivers unit from about 700 tons to 825 tons daily.

During the past year the company reported gross sales of $46 millions, as against $38.5 millions in 1935. In view of the larger production and higher selling price for newsprint expectations are that the dollar volume of business this year will exceed $50 millions.

Operating profits last year amounted to $7.2 millions, an increase of nearly $2 millions over the year before. After setting up reserves of nearly $2.8 millions for depreciation and depletion, there was a net loss after interest charges of $1.8 million, a reduction of about 50% from the 1935 returns.

It is possible that the company will be able to cover all senior charges this year. Not only has there been a moderate increase in the price of newsprint, but the demand for sulphite pulp, of which the company is an important producer, has undergone a marked improvement.

Increase Pulp Output

Steps have been taken by the company over the past year to bring about more effective use of its manufacturing equipment and also to increase capacity of the pulp division. Extensions and improvements made to the Hawkesbury and Kippawa plants, which produce a high-grade sulphite pulp for further manufacture into rayon, resulted in an increase of about 15,000 tons in annual capacity.

The company also has announced plans for expenditure of about $1 million on the Gatineau mill to increase the capacity of the unbleached sulphite pulp unit.

As in the case of other newsprint companies, Canadian International Paper has been able to strengthen its financial position. At the end of last year bank loans totalled only $674,000, as against over $1.7 million at the end of 1935. Further, since the close of the year, these bank loans have been entirely eliminated.

Consolidated funded debt amounts to $86.1 millions, an increase of about $600,000 over that reported in 1935. This was due to the refunding operations in connection with the Newfoundland subsidiary. The maturity date on $5 millions of 5% secured notes held by International Paper Co. has been extended.

The investment of over $1 million in the Newsprint Bond and Share Co. has been eliminated from the balance sheet as that company has been wound up.

The amount due to International Paper Co. increased during 1936 from $7.5 millions to over $12 millions. About $1.5 million of this increase was due to accrued and deferred interest. On the other hand the amount due the company from International Paper Co. and International Paper Sales Co. increased during the past year from $2.5 millions to around $6.9 millions.

Outlook is Promising

Indications are that Canadian International Paper's earning power will undergo marked expansion over the next 18 months. Based on the volume of business being done this year, the increase of $1.50 a ton in the price of newsprint, put into effect at the beginning of the year, will add materially to gross income. On the other hand, higher costs, particularly for wages, will absorb the greater part of this gain. However, for the first half of 1938 the company has announced a gross increase of $7.50 a ton. The greater part of this should accrue to the company in the way of net earnings, materially adding to the earning power back of the outstanding funded debt.

International Paper & Power

Capitalization—	Authorized	Outstanding
Common A ..	5,000,000 sh.	832,596 sh.
Common B .	3,000,000 sh.	821,805 sh
Common C .. N.p.v.	5,000,000 sh.	2,122,389 sh.
Pref. 7%, par $100	$100,000,000	$90,985,500
Pref. 6%, par $100	2,000,000	363,300

Funded Debt—
None.

Dividend Record—
7% pref. and 6% pref.—Entitled to 7% or 6% per annum; cumulative, payable Jan., April, July and Oct. 15 in U. S. funds; paid regularly from Jan., 1929 to April, 1931; none paid.
Class A common—None at present; $2.40 per share per annum paid regularly from Feb. 15, 1929, to Aug. 15, 1930; none since.

Head Office—45 Milk St., Boston, Mass.

Officers and Directors—
R. C. Cullen, pres.; W. N. Hurlbut, vice pres.; H. R. Weaver, vice-pres. & treas., G. Auchincloss, H. A. Colgate, D. T. Layman Jr., Ogden Phipps, B. A. Tomkins, A. H. Wiggin, H. G. Place, New York; W. Chamberlain, Chicago; J. H Hinman, Montreal; J. St. C. Brookes, Jr., Washington; M. G. Chace, Providence R.I. Sec.—C. D. Young.

Three Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1934	8,661,891	......	†9,554,830
1935	9,030,170	......	†9,554,830
1936	17,275,419	......	†19,734,020

†Deficit.
*Excluding the earnings of International Hydro-Electric System.

Times Fixed Charges Earned—

	1936	1935	1934
Before deprec. & depl.	3.58	1.74	1.62
After deprec. & depl.	2.39	0.57	0.55

Earnings per Share—

7% pref.: Earn.	$5.52	d$3.69	d$3.75
None paid			

Market Record (New York Stk. Exch.)—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Pref. ...	..	..	98¼	20½	28⅞	4½
Cl. A ..	..	..	23⅜	3¾	5	1⅛
Cl. B ..	..	..	14⅞	2¼	3⅛	⅜
Cl. C ..	..	..	8⅛	1⅝	2⅜	⅜

*To September 16.

International Fibre Board
(Controlled by International Paper Co.)

Capitalization—	Authorized	Outstanding
Com., n.p.v.	10,000 shs.	10,000 shs.
1st pref. cum. .. Par $100.	$1,500,000	$1,500,000
2nd pref. non-cum., N.p.v. ...	65,000 shs.	65,000 shs.

Of the above International Paper Co. owns $1,318,800 of the first preferred, 64,999 shares of the second preferred and all of the common.

Canadian International Paper
(Controlled by Canadian International Paper Ltd.)

Capitalization—	Authorized	Outstanding
Com, par $100	$10,000,000	*$10,000,000

*All owned by Can. International Paper Ltd.

Funded Debt—	Outstanding
1st mtge. gold 6%, due 1949	$21,500,000
Ref. mtge. 6%, due 1946 A .	*23,400,000
Do., 5% C, due 1937 ...	*2,000,000
Floating chg. 6%, due 1946 .	*1,000,000
Riordon Pulp & Paper: 1st mtge. s. f. 6% debs., due 1942	464,700
N. B. International Paper: 1st mtge. 6%, due 1961 ...	*12,500,000

*All owned by International Paper Co.

Dividend Record—
Common—$3 per share paid in 1930; $12 in 1931 and $6 in 1932.

Head Office—Montreal.

Officers and Directors—
Directors — R. J. Cullen, pres., New York; Brig.-Gen. J. B. White, 1st vice-pres., Montreal; J. H. Hinman, Montreal and W. N. Hurlbut, New York, vice-pres.; H. R. Weaver, vice-pres. & treas., J. H. Phipps, J. F. Rollins, A. H. Wiggin, New York; Hon. Raoul Dandurand, V. M. Drury, J. A. Eccles, L. P. Gelinas, C. H. Montgomery, Hon. Donat Raymond, Montreal; G. C. Edwards, G. G. Cale, Ottawa; T. A. Russell, Toronto; Chenier Picard, Sherbrooke; H. P. Robinson, Saint John, N.B.; C. B. Thorne. Sec.—Roy Campbell.

Times Fixed Charges Earned:

	1936	1935	1934
Before deprec. & depl.	1.15	0.84	0.78
After deprec. & depl.	0.71	0.40	0.36

N.B. International

New Brunswick International Paper Co.'s mill at Dalhousie has been operating at capacity and as late as last June established what is believed to be a world record for four machines of 226 inch width when 707 tons of newsprint were produced in one day. During the first two weeks of June, production had been gradually increasing until a high mark of 682.1 tons was reached, and then the highest mark of all, 707 tons.

For some time past, the company has been operating at capacity and indications are that the rate of production will be maintained through the balance of the year.

New Brunswick International Paper is a wholly-owned subsidiary of Canadian International Paper. Operating returns are consolidated with those of the parent company. Consequently no particulars are available on dollar sales or net earnings.

Gaspesia Pulp

After lying idle for many years, the Chandler pulp mill was reopened last July by the Gaspesia Sulphite Co.

As the re-establishment of operations at Chandler was of considerable economic importance to the people of that area, Premier Duplessis took an active interest in the reopening of the mill. As a result, R. A. McInnis and F. W. Clarke, of Anglo-Canadian Pulp and Paper Mills, and associated English interests, acquired a control of the property. No public financing was undertaken, the necessary capital being raised privately.

The mill went into operation toward the end of July and production will be confined to the manufacture of high-grade sulphite pulp.

I. P. of Nfld.

Sales Last Year Increased Over $1 Million — Bigger Gain Expected in 1937

Operations at the Cornerbrook plant of International Power and Paper Co., Newfoundland, have been at capacity throughout the past year. While no interim report has been issued by the company on current operations, it is generally understood that earnings are on a better basis than in 1936, partly due to increased production but principally to the higher selling price for paper.

Last year the company reported net sales of $7.7 millions, an increase of $1 million over the year before. Higher expenses, notably for wages, more than offset this gain, and the drop in funded debt charges, with the result that there was a net loss on the year's operations of $364,179. On the other hand, this was a somewhat better showing than in 1935, when the net loss, after interest and depreciation, amounted to $442,222.

Better Working Capital

Improvement in the company's position is more closely reflected in the net working capital position. At the end of last year, current assets exceeded current liabilities by nearly $4.2 millions, compared with $3.3 millions at the close of the previous year.

There is a possibility that before long the company will take steps to increase the capacity of the Cornerbrook plant. For some time I. P. of Newfoundland has been flirting with the idea of installing one and possibly two, additional machines. The matter has been under consideration for some time and it is understood there is no obstacle, as far as power supply and wood is concerned, to increasing capacity.

Another interesting development in connection with the company's operations has to do with the shipment of newsprint. In years past the company followed the practice of building up supplies during the winter months, when water-borne shipments are not possible. Recently the company made arrangements for establishing warehouse facilities in St. Johns, permitting all-year-round shipments. This has made for more effective plant operation.

International Power & Paper of Newfoundland
(Controlled by Canadian International Paper Co.)

Capitalization—	Authorized	Outstanding
Common	£5,000,000 (Common and Pref. combined)	†£500,000 ($2,433,250)
Pref. 5%		£2,080,000 ($10,122,320)

Par £1.
†Entirely held by Internatonal Paper and Power Co.

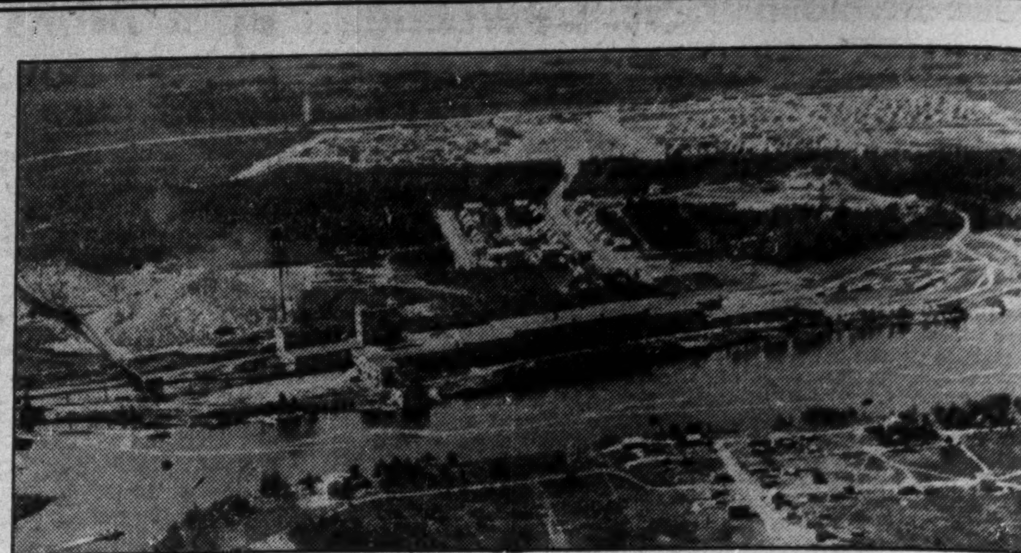
Funded Debt—
1st mtge. bonds, 5% due 1938, outstanding $4,866,000. 1st mtge. 4½% due 1968, series (1936) outstanding $1,492,000. Guaranteed 3% A mtge. deb. stock, due 1973, outstanding $9,089,870.
2nd A mtge. deb. stk. 3%, outstanding $748,355; Newfoundland Power & Paper Co. B mtge. deb. stk., 5½%, due 1970, outstanding, $9,053,010.

Head Office—Corner Brook, Nfld.

Officers and Directors—
R. J. Allen, pres.; H. R. Weaver, vice-pres. and treas., New York; W. N. Hurlbut, New York, and J. H. Hinman Montreal, vice-pres.; J. F. Rollins, G. A. Brownell, A. A. Ritchie and S. E. Kay, New York; J. F Taylor, A. G. Allen, London, Eng.; Hon. Thomas Lodge, V. S. Bennett, C. E. Hunt, St. John's, Newfoundland; C. G. Heward, Montreal. Secretary—C. D. Young.

Times Fixed Charges Earned—

	1936	1935	1934
Before deprec. & depl.	1.27	1.16	1.26
After deprec. & depl.	0.69	0.66	0.80



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C. W. Davison, *Secretary-Treasurer*

DIRECTORS
D. H. McDougall; H. H. Horsfall;
A. Scott Fraser; Arthur H. Campbell;
A. S. McNichols; J. I. Rankin; John Stadler

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U. S. Largest Consumer of Canadian Sulphite

By far the largest part of Canadian bleached sulphite production enters the United States market for consumption. Last year approximately 82½% of Canada's total export was earmarked for this market. The percentage exported to the United Kingdom was under 10%, while Japan took about 5%.

From the depression low figure of 150,000 tons in 1932, Canadian exports to the United States had increased by 1936 by over 87%. In the same period, Canada's closest competitor in the United States bleached sulphite market, Sweden, improved its exports to the United States by less than 45%. No other European country equalled this improvement in export position. Norway improved its export status by 50%, Finland by 40%, while Germany's total exports to the United States declined by 10%.

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Profits in Paper Industry

(Continued from page 15)

If the consumption and price trend in the American market continues along expected lines, it is to be expected that those Canadian producers now in the overseas markets will ship their tonnage to the more favored American market. This trend is even now apparent in the returns and will become more pronounced as time goes on.

The American market is all-important to the Canadian industry. It is a natural outlet for the newsprint produced in this country. Without a doubt the prosperity of the Canadian industry in its present form is dependent upon a retention of the United States market.

Contrary to a general belief it is only of late that consumption of newsprint in the United States has come near the pre-depression level. The sharp gain in world consumption has been due to larger demands from other countries, particularly the United Kingdom, Australasia, Argentina, etc., than to the United States. In 1936, the per capita consumption of newsprint paper in the United States was five pounds less than in 1929, the figures being 57 and 62 pounds respectively.

Question of Demand

Whether or not consumption in the States will reach and surpass the 1929 level in the years immediately ahead depends upon two factors; reader interest and advertising. The former controls circulation and the latter the size of the paper.

From 1923 to 1936 the average net paid circulation of all daily newspapers in the United States increased by nearly 33 1/3%. Morning papers reported a net paid circulation in 1923 of 11.5 million copies, and in 1936, 15.3 million copies. Evening papers reported an advance from 20 million copies in 1923 to 25 million copies last year. The total daily circulation increased from 31.5 million copies to 40.3 million copies during this period. At the same time, Sunday papers reported a gain in circulation from 21.5 million copies to 30 million copies in the 14 years.

This is a definitely encouraging sign as far as the Canadian industry is concerned. The second factor affecting the demand for newsprint paper, advertising, is not so encouraging.

Competition from radio, magazines and outdoor advertising has cut into the percentage of the advertising dollar available to buy space in the newspaper. Last year, approximately $870 millions was spent on advertising in the United States. Of this amount 66.2% was spent in newspapers; 17.2% in magazines; 12.3% in radio; 3.9% on outdoor advertising; 4% on car cards.

Newspapers still dominate the advertising field, but the dominance is lessening. In 1933, newspapers absorbed 71% of the U. S. advertising dollar; magazines 15.8%; radio 8.7%; outdoor 3.9% and car cards 6%. Thus it will be seen that radio and magazines have made headway at the expense of the newspaper.

This trend again is reflected in the size of United States newspapers. In 1924 the dailies printed an average of 28 pages for each issue. The peak was reached in 1929 with 32 pages. The size of the daily newspaper fell off during the depression, and while recovery has been noted, the average number of pages printed by leading U. S. newspapers in 1936 was only 28, or the same as 12 years before.

Long-term Trend Upward

Despite some rather unfavorable factors bearing on the outlook, trend of newsprint consumption in the United States, and elsewhere for that matter, continues upward. In this connection it is of interest to examine the trend of world production since 1927. In that year all countries produced 6,364,000 tons of newsprint paper. By 1929 output had advanced to 7,321,000 tons. Consumption fell off in 1932 and 1933, but not markedly so, and began advancing again. By 1934 the world figures were on the same basis as in 1929. In 1935 a new record of 7,628,000 tons was established, and again in 1936 with 8,217,000 tons.

Statistics would indicate that reader interest is now having more influence on the demand for newsprint paper than the volume of advertising. Whether or not this is the case, the fact remains that newsprint paper consumption has tended to continue upward and there is no particular reason for anticipating any unusual change in this trend.

On the matter of consumption the outlook for the Canadian companies producing newsprint justifies the renewed confidence of the investor in this industry. Yet as previously mentioned the prosperity of the industry now depends upon a more adequate price than any further sharp gain in demand. The majority of the mills have all the business they can handle and an improvement in their financial position is dependent largely upon securing a better price for their product.

During the worst part of the depression, the standard contract price for newsprint was not very closely adhered to by the manufacturers. Desperate for business, the majority gave the buyer concessions of one kind and another so that the actual price received by the producer was less than the contract rate.

Officially the price of newsprint touched bottom in 1934 when producers sold their output at $40 a ton delivered in New York. This rate remained unchanged in 1935, but in the fall of that year the producers were successful in securing a nominal advance of $1 a ton on 1936 deliveries. Again in the fall of 1936 prices were advanced to $42.50 a ton for 1937 deliveries.

Better Price Set for 1938

The advance of $2.50 a ton from the 1934-35 base level did not compensate the manufacturers for the increase in manufacturing costs. However, it did much to relieve the strain. By now the market had turned from a buyers' to a sellers' market and a short time ago International Paper announced a price of $50 a ton for the first half of 1938, with adjustments during the last half depending upon costs. Other Canadian producers did likewise, as also did a number of the American companies.

There has been considerable questioning of the ability of the operators to enforce this price. This doubt has arisen from the fact that in the past contracts were interlocking and any price-fixing mill, i.e., one controlling an output of over 100,000 tons annually, could set the price for the balance of the industry. The fear is that some of the companies, notably Great Northern, which has not subscribed to the 1938 price, may announce a lower price and force the others to revise their schedule. This possibility, however, is being discounted to a considerable extent. In the past few years operators have revised their contracts to do away largely with the interlocking price clause. Consequently less than 5% of the total Canadian tonnage is involved by this form of contract. The balance of the contracts are unaffected by the price policy of any one mill.

There is no reason for expecting that the new price of $50 a ton will not be made to "stick" for next year.

Future Policy Important

The point of importance is what is going to happen in the last half of 1938 and thereafter. During the difficult years the publishers took advantage of the situation to force a very low price on the companies, just as the companies forced a high price on the publishers in other years.

A number of the manufacturers hold the view that the price of newsprint should be such as to return a reasonable profit on the capital investment. Others feel, now that they are getting the upper hand, that the publishers should be made to pay up for the past five years. How far this latter view will obtain among the companies it is difficult to say. The majority are known to favor the more moderate policy of live and let live.

There are two factors which will have a strong bearing on the future price policy of the newsprint industry in this country. One is that an arbitrarily high price, while it may stimulate the building of more mills in Canada, may cause the American publishers to look elsewhere for supplies. Both the Ontario and Quebec governments, vitally concerned with the welfare of the industry, are strongly opposed to any runaway price policy. Through control of limits and by legislative authority they could, no doubt, discourage the too-ambitious plans of some of the manufacturers. The fact that the two provincial governments have the power to step in should act as a brake in keeping price to a reasonable level.

A surprisingly large number of investors in Canadian newsprint securities hold the belief that Canada dominates the American newsprint market and that the publishers there are dependent on Canada for their newsprint supplies. This is true, but only to a certain point.

If the price of newsprint is set at too high a level, it is virtually certain that the slash pine of the Southern United States will be treated to make a satisfactory sheet of newsprint. To date Southern pine newsprint has been made only on an experimental scale. Commercial production costs are too high at this time to make it a serious competitor for Canadian newsprint.

With the majority of the industry's leaders favoring a moderate price policy, the governments interested in seeing that the affairs of the industry do not again get out of hand, and the contingent threat of Southern pine newsprint, indications are that the industry will not embark on any "dog-eat-dog" price policy.

Banking on 1938

This condition is reflected in the restored confidence in the investment attractions of the industry. To date the companies have not been able to do much in the way of increased earnings to justify this confidence. However the statements for 1937 will show larger earning power while the returns for 1938 should put earnings back of the capital stock of many companies. Always, of course, provided there is no setback.

Progress also has been made in cleaning up the corporate affairs of some of the more hard-hit companies or in strengthening the financial position of those operators who managed to come through recent years without going into bankruptcy. Price Bros. and Co. has been reorganized on a sounder basis. Lake St. John Power and Paper has cleaned up its affairs. So also has St. Lawrence Paper Mills, Mersey Paper, Consolidated Paper; Great Lakes and others. Only Abitibi Power and Paper and Minnesota and Ontario remains in the hands of the receivers. By this time next year both of these companies may be "out of the woods."

Notable progress has been made in the past four or five years in putting the industry back on its feet and barring another depression there does not appear to be any major reason why the industry should not have a well developed earning power by 1938.

Future Policy Important

The rise in newsprint security values apparently has not run its course. But before long it will be well to watch out for a repetition of those factors which brought about the downfall of the industry. During the period when the industry was suffering from a lack of tonnage and too low a selling price, the manufacturers were all agreed that they would be content when sales got back to normal level and the price to a point where they could earn 6% or 8% on the capital invested. With $50 newsprint, the industry can earn better than 6% on capital. But already several of the manufacturers are showing a desire to follow the old principle of charging as much as the market will bear. Others are strongly opposed to this policy. But with the pressure on the stock market., calling for a price to justify present and anticipated security values, it is possible that the price policy of the Canadian industry over the next few years may tend toward holding up the consumer, without consideration of what is a fair return to the manufacturer. This will encourage the establishment of new mills, and if history repeats itself, overproduction and the breakdowns of the market. It will take extraordinary restraint on the part of the Canadian manufacturers not to attempt to gouge the publishers.

Robert Gair Co.

Robert Gair Co. Inc. is a large United States paper box manufacturer which, through its wholly-owned subsidiary, Gair Co., Canada, Ltd., operates plants in Montreal, Toronto, Frankfort, Campbellford, Hamilton, London and Windsor. Altogether Robert Gair Co. owned 24 plants in the United States and Canada at the end of 1936, in which it manufactures paper and corrugated cartons, fibre shipping cases, paperboard and other paperbox products.

Gair Co., Canada, has acquired the plants of Dominion Boxboards Ltd., Fibre Boxes Ltd., York Paper Mills Ltd., Firstbrook Boxes Ltd., Canadian Paperboard Ltd. and Envelope and Cartons (Western) Ltd. These companies were largely acquired through exchange of securities for the 6% income notes of Robert Gair Co.

Net profit of the Robert Gair Co. Inc. was $821,726 in 1936, approximately the same as in 1935. Interest has been paid on the $2.9 millions 6% income notes in 1936 and 1937 and regular dividends of $3 a share paid on the preferred stock since the first payment was made on April 1, 1936.

Building Products

Increase in Dividend Reflects Betterment in Earnings This Year

Sales of Building Products Ltd. for the first six months of 1937 were about 25% higher than for the corresponding period of 1936. As a result the company has increased its quarterly dividend from 35 cents a share to 50 cents a share on common payable Oct. 1, at the same time declaring an extra of 25 cents.

The company is a leading producer of asphalt shingles, rolled roofing, roofing felts, wallboard, etc., in connection with roofing. Consequently its welfare is tied up with the volume of new construction undertaken in the Dominion, although it is also interested in export trade. While the amount of new building undertaken in the Dominion in recent years has been subnormal, the company, through diversification of its products, has been able to make a very satisfactory showing.

Financial statements of recent years show that the company has been able to report a net profit right through the depression, though this was perilously close to the vanishing point in 1932. There was a slight comeback in 1933 and a very considerable one in 1934 when net profits were about half as much as in 1931. During these lean years working capital was unaffected with actually a slight gain from 1929 to 1934.

Last year net profits amounted to $271,119, as compared with $153,157 in 1935, representing the largest profit shown since 1930. Earnings per share were $2.24 on the combined A and B shares, as against $1.27 in 1935.

As a result of the improvement in earnings, the company has increased its distribution to the shareholders. The regular rate has been increased to $2 a share.

Prospects of the company are considered bright at this time. A programme of repair and modernization work for existing properties has been stimulated by the plan sponsored by the National Employment Commission. Further, the revival of private building has stimulated the demand for all kinds of building products and in particular those produced by Building Products.

Capitalization	Authorized	Outstanding
Class A, n.p.v. ..	116,346 shs.	116,346 shs.
Class B, n.p.v. ..	4,500 shs.	4,500 shs.

Funded Debt—
None.

Dividend Record—
Classes A & B—Present rate $2 per share per annum, payable Jan., Apr., July and Oct. 1. Increased from $1.40 with payment of 50c. Oct. 1, 1937. $1.60 per annum paid regularly from 1927 to July, 1929, increased to $2 Oct., 1929, and paid regularly to April, 1932; rate reduced to $1.40 July, 1932, and to $1 Oct., 1932; increased to $1.40 Oct., 1936. Extra payments made as follows: 25 cents per share paid Jan. 2, 1935; Jan. 2, 1936; Oct. 1, 1936; 50 cents per share paid Jan. 2, 1937; 25 cents payable Oct. 1, 1937.

Head Office—Montreal.

Officers and Directors—
Officers—P. R. Allen, chm. of board; W. R. McNeil, pres.; D. P. Hatch, vice-pres.; C. P. Cowan, vice-pres.; R. C. Crooker, sec.-treas.
Directors—P. R. Allen, East Walpole, Mass.; W. R. McNeil, C. P. Cowan, D. P. Hatch, W. Brainerd, G. M. McKee, R. C. Crooker, G. H. Montgomery, Montreal; H. R. Tudhope, Toronto.

Earnings per Share and Dividend Record—
Classes A & B:

	1936	1935	1934
Earned ..	$2.24	*$1.27	$1.28
Paid	1.20+.75	1.00+.25	1.00+.25

*Including depreciation recovery of $24,763, equal to 20 cents a share.

Three Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1934	279,594	151,057	767,893
1935	300,910	151,057	764,267
1936	449,405	235,650	797,251

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Class A	74¼	56	58½	33	33	25½

*To Sept. 16.

EXPORT BUSINESS

Canada's share of the total world newsprint export business increased from 69.9% in 1927 to 68.1% in 1936. The majority of Canadian shipments went to the United States which takes about 80% of the total Canadian production.

Anglo-Newfoundland Development Co. Ltd.
Grand Falls, Newfoundland

Manufacturers of Newsprint

Head Office:
Grand Falls, Newfoundland

FINANCING of the pulp and paper industry — an industry that contributes much to Canada's prosperity — is provided for by issues of securities which this old Canadian company is fully equipped to engrave and print promptly and efficiently.

BRITISH AMERICAN BANK NOTE COMPANY
1866 LIMITED 1937

HOWARD W. PILLOW
President

CHARLES G. COWAN
Vice-Pres. and Man. Dir.

G. HAROLD BURLAND
Sec.-Treas.

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THE STEEL COMPANY OF CANADA, LIMITED
HAMILTON - EXECUTIVE OFFICES - MONTREAL
SALES OFFICES: HALIFAX, ST. JOHN, MONTREAL, TORONTO, HAMILTON, WINNIPEG, VANCOUVER
WORKS: HAMILTON, MONTREAL, TORONTO, BRANTFORD, LONDON, GANANOQUE

Pulp Comes of Age

(Continued from page 15)

increased their sulphite capacity, or reduced the quantity of sulphite in their newsprint paper, in order to share in the prosperity of the pulp market.

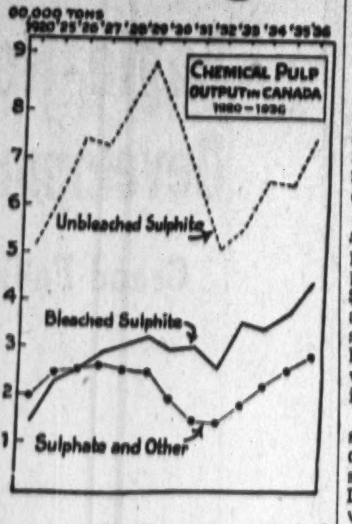
At present Canadian mills have an annual capacity of 1,250,000 tons of bleached and unbleached sulphite pulp. Of this amount approximately 450,000 tons represent bleached sulphite.

Within the next year or two new equipment will be installed, adding to the annual capacity about 270,000 tons, of which over half represents bleached sulphite.

The additions and new mills under way or decided upon follow:

	New Capacity or Increase in Present Capacity (in tons annually)
Lake Sulphite Pulp	60,000
Howard Smith	9,900
Brown Corp.	90,000
Donnacona	9,000
Gaspesia Pulp	18,000
B. C. Pulp	30,000
Can. Inter. Paper*	15,000
Can. Inter. Paper†	25,000

* Bleached. † Unbleached.



Question Marks

Despite the very encouraging outlook for the pulp industry, there are several factors worth watching. If the pulp companies can get through the next two years without any serious setback, then they should be in for a period of considerable prosperity. The question marks lie in the ability of the market to continue taking the present output and the new production planned, and the effect of new production on prices.

Sulphate pulp capacity in Canada has not changed to any marked degree in recent years nor are there any major plans in mind for this industry. In the United States, however, there is a situation developing which may prove of the greatest importance to the Canadian industry.

Despite a rapid increase in sulphate mill facilities in the southern States during recent years, there is under way at present an $84 million expansion programme, which will bring productive capacity in 1938 to a level twice as great as existed in 1936. If business continues along favorable lines and further uses are found for kraft products, all will be well. However, only an extreme optimist can look with equanimity on the situation and the American industry is frankly worried over what may happen by 1938.

If the American market is unable to absorb the new sulphate pulp production brought into being next year, extraordinary measures will be needed to prevent a collapse of the price structure. If that happens, Canadian sulphate mills will feel the repercussions.

Furthermore, a break in the sulphate market would undoubtedly have its effect on the price of all other grades of pulp, notably sulphite.

Statistics on sulphite production are not as accurate and up to date as are available on other branches of the industry. However, available records indicate that European demand will largely take care of domestic production for the immediate future, so that the United States sulphite requirements will have to be met largely from Canada.

If there is no interruption to the trend of sales in recent years, the American market should be able to absorb the increased Canadian output without much difficulty.

Market Factors

Two factors may arise to disturb the American sulphite market. One is the possible bleaching of sulphate pulp for use in fine papers and even artificial silks. This would not be done unless the sulphate market collapses through overproduction.

The second factor is the possible greatly increased diversion of sulphite pulp from newsprint. Already a number of Canadian manufacturers have decreased the sulphite content in their newsprint. If this practice is extended, it might mean a very sharp increase in the available supply of sulphite.

Neither of these conditions is imminent, but they should be followed. If either one eventuates, the effect on the sulphite market might be adversely affected.

On the whole the outlook for the chemical pulp industry is one of encouragement. True, there are certain obstacles to be faced within the next 18 months, but once these are overcome or passed, the pulp industry promises to be a big moneymaker.

Mersey

Mersey Paper Co. continues to operate at capacity and expectations are that the financial statement for 1937 will show a marked improvement over 1936 when the company covered its interest charges more than twice over before depreciation.

This is one of the few Canadian newsprint companies which has been able to meet all its debt obligations during recent years. Mersey is ably managed and operations have been conducted at a profit throughout the depression years. To date it has been the policy of the company, after payment of interest charges, to appropriate the balance of earnings for depreciation reserve.

The balance sheet of Mersey Paper has been rather "lopsided" as the company has hypothecated its first mortgage bonds against bank loans. Last June, steps were taken to liquidate the special loan by the public sale of $4 million 5% first mortgage bonds. As a result of this move, current assets exceeded current liabilities by $1.1 million. Not only was the capital bank loan of $2.7 millions liquidated, but current bank loans were reduced by $270,000 and accounts payable by $154,000. Mortgages of $547,000 on timber limits were paid off.

Further financial developments this year included the sale of $200,000 additional 6% general mortgage bonds and the approval by the shareholders of a recapitalization plan which wiped out the arrears of dividends on the preferred stock.

There has been talk that Mersey Paper Co. will enlarge its plant at Liverpool, based on the enlargement of the nearby Nova Scotia Power Commission power plant, but so far there has been nothing official in this regard.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	150,000 shs.	150,000 shs.
Pref. cum. red. .. Par $100.	$5,000,000	$5,000,000

Funded Debt—
1st mtge. 5% S. F. bonds due 1957, outstanding $4,000,000.
General mtge. bonds, series A, 6%, due 1949, outstanding $2,099,500.

Dividend Record—
Preferred—Entitled to 6½% per annum, cumulative from July 1, 1930; payable quarterly, Jan., Apr., July and Oct. 1. None paid to date.
Common—None paid to date.

Head Office—Brooklyn (Queen's Co.), N.S.

Officers and Directors—
Officers—Col. C. H. L. Jones, pres. & man. dir.; J. McG. Stewart, vice-pres.; T. M. Ratchford, sec. and treas.
Directors—Col. C. H. L. Jones, J. McG. Stewart, Col. J. L. Miller, P. R. Jack, J. C. MacKeen, Halifax, N.S.

Times All Interest Earned—

	1936	1935	1934
Before deprec.	2.18	1.91	1.64
After deprec.	1.00	1.00	1.00

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	852,922	......	172,702
1931	1,093,573	......	506,166
1932	799,963	......	......
1933	881,025	......	......
1934	652,503	......	......
1935	746,624	......	......
1936	824,219	......	......

The Holophane DU. 745 7-inch square unit illustrated here for use with 50-watt mill-type lamp—

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- increases visibility at aisle ends ten times;
- eliminates fire danger from pieces of broke on dirty lamps, and
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B. C. Pulp

Sharp Increase in Revenue Expected This Year — Enlarge Plants

Operations and finances of British Columbia Pulp and Paper Corp. have undergone a marked change for the better over the past 18 months, due to the strong comeback of the sulphite pulp industry.

Operations in 1936 resulted in a substantial recovery of earning power. Net profit of $15,214 compared with deficits of $256,738 and $21,260 in 1935 and 1934 respectively, and was the first net profit earned since 1930. Only an abnormally heavy charge for depreciation prevented a profit from being shown in 1934, however.

Deficit per share on the common stock amounted to 24 cents in 1936 compared with deficits of $2.96 a share in 1935 and 61 cents in 1934. Last earnings on the common stock were in 1930 and 1929 when approximately two cents a share was earned.

Liabilities on Capital

Owing to the wide fluctuations in earnings, it has been necessary for the company to pass dividends on the capital stock and also seek concessions from the bondholders. First mortgage bond obligations are paid up to date, while payments to sinking fund were resumed in 1935 after being allowed to lapse in 1932, 1933 and 1934.

On the general mortgage bonds all semi-annual interest payments but one, from May 1, 1932, to May 1, 1937, have been deferred until May 1, 1940. Arrears of interest now amount to $31.50 per $100 bond.

Dividend arrears on the preferred stock totalled $36.75 a share at the end of 1936.

Since the beginning of the year there has been a marked improvement in the demand and the price of sulphite pulp. As a consequence it is anticipated that the company will show bond interest, depreciation and preferred dividend earned for 1937.

Expand Plant Facilities

In view of the strength in the sulphite market the company has undertaken a further expansion of its Port Alice and Woodfibre plants. It is anticipated that the capacity of these two units will be doubled by next year at an estimated cost of around $700,000.

While there is no official information as to what the company intends doing about interest arrears on general mortgage bonds, the general belief is that if earnings this year come up to expectations, steps will be taken to liquidate this contingent liability.

Capitalization—	Authorized	Outstanding
Common, n.p.v.	150,000 shs.	100,000 shs.
Preferred, 7% .. Par $100.	$1,000,000	$556,200

Funded Debt—
1st mtge. S. F. gold bonds 6% due 1950, outstanding $3,150,000.
General mtge. 7%, due 1950*, outstanding $1,445,400.

*After two interim postponements it was agreed in 1935 to postpone all interest due from May 1, 1932 to May 1, 1937, until Nov. 1, 1940, with exception of May 1, 1935 coupon which was paid in cash.

Dividend Record—
Preferred — Entitled to 7% per annum, cumulative from Nov., 1925, payable quarterly, Feb., May, Aug. and Nov. 1; $8.75 paid Feb., 1927, representing all accumulated dividends. Regular quarterly payments made thereafter to and including Aug. 1, 1931. None since.
Common—None paid.

Head Office—Vancouver.

Officers and Directors—
Officers—Lawrence Killam, pres. and man. dir.; George Kidd, vice-pres.; O. A. Jorgenson, treas.; Miss E. M. Dominy, sec.
Directors — Lawrence Killam, George Kidd, R. C. Buchanan, W. H. Malkin, O. A. Jorgenson, Cecil Killam, Vancouver; I. W. Killam, Montreal.

Times Interest Earned—

	1936	1935	1934
Before deprec.	1.83	0.82	2.21
After deprec.	1.09	0.20	0.98

Great Lakes

Earnings for Full Year Expected to Exceed Dividend Requirements on A and B Preferred

Great Lakes Paper Co. had net profits of $117,000 in the first half of 1937, after allowing $151,896 for depreciation and $150,000 for bond interest. Earnings for the full year are expected to be substantially in excess of the cumulative dividend requirements of $2 a share on the class A and B preferred stock on which no payments have yet been made. By Oct. 15, arrears will amount to $4 a share on both classes of stock.

The company is resuming on Oct. 1 interest payments on its 5% first mortgage bonds. Payments due Oct. 1, 1936 and April 1, 1937 have been deferred until July 1, 1938 and July 2, 1939 respectively. Bondholders may cash these coupons at full face value through The Dominion Bank, but if retained until the later dates, the deferred coupons carry interest at 5%.

Working at Capacity

Since reorganization, completed in 1936, plant improvements have been made costing some $300,000, increasing efficiency and reducing shipping charges. The company has been operating at full 24-hour capacity six days of the week and full capacity of production has been sold for 1937.

Public investment interest is confined to the 5% bonds, the class A preferred and the common. The class B preferred is held by a trustee for publisher-customers of the company. From the investment viewpoint it is important that in addition to being entitled to arrears of $4 a share, the class A preferred is entitled to further cumulative annual dividends of $2 a share, and equal participation in any further dividends with the common shares.

The company's mill is located just west of Fort William, and with customers contracted for a long term basis the property is favorably situated for economical shipment to Great Lakes areas.

Capitalization—	Authorized	Outstanding
Cl. A pref., cum.	100,000 shs.	100,000 shs.
Cl. B pref., cum.	100,000 shs.	100,000 shs.
Common ...... No par value.	100,000 shs.	100,000 shs.

Funded debt—
1st mtge. S. F. bonds, 5%, due 1955, $6,000,000. Regular interest payments will be resumed on Oct. 1, 1937. Payments due Oct. 1, 1936, and Apr. 1, 1937, had previously been deferred, with the approval of bondholders, until July 2, 1938, and July 2, 1939 respectively.

Officers and Directors—
Officers—C. H. Carlisle, pres.; E. G. Long, vice-pres.; J. E. Gefaell, vice-pres. in charge of sales; R. G. Meech, sec.; L. J. Heit, treas.; C. England, asst. treas.; E. E. Thistle, W. J. Palmer, asst. secs. ...
Directors—C. H. Carlisle, E. G. Long, A. D. Cobban, R. G. Meech, Charles B. Shields, Toronto; L. E. Aldrich,* John W. McCurdy, Chicago, Ill.; Harry Murphy, Fort William, Ont.; Ray Lawson, London, Ont.; Herbert Ponting,* Detroit, Mich.

*Representing publishers.

Brown Co.

Strong Pulp Market Puts Earning Power Back to Normal Basis — Plan for Reorganization Filed in Court

Two developments of importance have occurred in the affairs of Brown Co. First, earning power has returned to normal, and, secondly, a plan of reorganization has been put forward by the company.

In the 24-week period ended May 15 last, net sales of the company totalled over $11.1 millions, an increase of 37% over sales of $8.1 millions in the corresponding period a year ago.

Net profits, after current interest, income tax, depreciation and depletion, and allowing for deferred interest, totalled $567,736. A loss on the same basis of $757,691 was reported for the first 24 weeks of the previous fiscal year.

It is understood that the company now is earning all interest charges, depreciation, depletion, and dividends on the preferred stock.

Improvement in the company's position brought the demand for capital reorganization. Last month Morton B. Brown, vice-president and treasurer, presented reorganization plans to Federal Judge John A. Peters, Portland, Me.

Several years ago there was a direct investment interest in the company's Canadian subsidiary, Brown Corp. of La Tuque, P.Q. This interest was extinguished with the redemption of the securities by the parent company. Since then Canadians have become heavily interested in Brown Co. bonds. In 1935 the company found itself unable to meet interest charges and a petition was made to reorganize under the National Bankruptcy Act.

Brown Co. is one of the largest of the high-grade sulphite producers on the continent. It operates plants in New Hampshire and Quebec. For many years control was closely held by the Brown family and as a result its securities are not particularly well known. Financial difficulties developed with the drop in the price of sulphite pulp.

The reorganization plan provides for exchange of the outstanding 21.4 millions of 5½% series A and B first mortgage bonds carrying the same indenture, the same interests, the same maturity dates, and secured by the same property. Sinking fund provisions would be suspended for two years following consummation of the plan, conditioned upon the sale of a new Canadian bond and court approval. All past due interests and interest on this amount due, amounting to $2.6 millions on May 15, 1937, would be paid in cash.

General claims in the form of notes and accounts payable, which with interest total about $1.5 million, would be settled by payment of 50% of claims in cash and 50% in interest-bearing notes maturing one-third in two, three and four years. It is believed that about $750,000 of such notes would be issued.

The present 6% preferred stock, of which 10 millions is outstanding, would be exchanged for one and one-fifth shares of new 5% cumulative preferred stock of $100 par value, entitled to cumulative dividends except that in the first two years the directors may pay dividends with additional preferred stock instead of cash. Further, one share of new common would be given for each share of old preferred stock.

For each share of old common, there would be issued five shares of new. This excepts certain holders of old common stock who have voluntarily agreed to accept 100,000 fewer shares of new common stock than they are entitled to under the plan, such amount to be distributed to preferred stockholders.

Raise New Capital

In order to provide for the payment of accrued bond interest and creditors' claims, as well as giving the company additional needed working capital, it is proposed to issue $6.5 millions of bonds under the present indenture of the Brown Corp., the Canadian subsidiary of Brown Co., to be sold to Wood, Gundy & Co. and MacLeod, Young, Weir & Co. at 95 with serial maturity of 2 to 15 years, bearing interest at 3½%, 4½% and 5%.

Also a $6 million issue of unsecured 5% convertible serial of the Brown Co. at Berlin and Gorham, N.H., will be sold to the same interests at 97 and would have a serial maturity of 2 to 7 years.

Not all of the $12.5 millions of the new bonds will be used for working capital; part will be employed for plant expansion.

Bondholders Hesitant

The company's plan of capital reorganization has been received with various comments. Apparently the preferred and common stockholders are in favor of it, but the bondholders have been hesitant in expressing approval. In some quarters it is thought that in view of the improvement in the company's position, the new capital could be raised with the securities junior to the presently outstanding first mortgage bonds.

Charles Francis Adams, chairman of the bondholders' protective committee, has advised bondholders to take no action at this time, as he feels the plan is premature and is not in the interests of the bondholders. He recommended that the bondholders should maintain complete freedom of action until results of the survey, ordered by the courts, are made available.

Capitalization—	Authorized	Outstanding
Pref. 6% cum. Par $100.	$10,000,000	$10,000,000
Common, n.p.v.	400,000	†400,000

†All owned by officials of the company.

Funded Debt—
1st mtge. 5½% bonds due: A, 1946; B, 1950; outstanding $21,415,500. Interest in default on Series A from Oct. 1, 1935; and B from Sept. 1, 1935 and protective committee formed.

Dividend Record—
Preferred—Paid to Feb. 1, 1931.
Officers—H. J. Brown, pres.; O. B. Brown, vice-pres. & treas.; W. R. Brown, asst. treas.

Brown Corporation
(Wholly owned by Brown Company)

Capitalization—	Authorized	Outstanding
Common	$14,000,000	$14,000,000

Entire stock owned by Brown Co.

ROOFING •
Built-up Roofs, Asphalt Shingles, Etc.
INSULATION •
INSUL-BOARD . . moisture proof insulating board
FLOORING •
Colored Tile Flooring . . . Industrial Flooring
BP BUILDING PRODUCTS LIMITED
MONTREAL TORONTO HAMILTON
WINNIPEG ST. JOHN, N.B. HALIFAX

Bank Loans Drop $17 Millions

Fifteen of the major Canadian pulp and paper companies owed $27,056,312 to the banks at the end of 1936. This represents a reduction of $3,207,707 from that reported at the end of 1935.

Compared with the returns in 1932 there has been a reduction in pulp and paper company bank borrowings of $17,448,793.

Corporate Citizenship

Any corporate enterprise is a trusteeship of the natural resources, executive and employee man-power and the invested savings of others entrusted to its care.

The following evidences this company's part in Canada's corporate citizenship:

Canadian International Paper Company
and Associated Companies

Twelve months ending June 30th, 1937

Total Salaries and Wages	$12,435,000.00
Supplies and Raw Materials Purchased	7,956,000.00
Construction, Equipment and Material	1,613,000.00
Freight Paid	6,017,000.00
Workmen's Compensation Insurance Payment	355,000.00
Ground Rents, Stumpage Dues and Royalty paid to Provincial Governments	1,214,000.00
Provincial and Municipal Taxes	441,000.00
Average Number of Employees	15,300

The Company has a Group Insurance plan with weekly disability benefits and the Employees Mutual Association related thereto which is operated exclusively by the employees.

But most important in the above figures are the human values behind the record of progress — in homes that know sustained employment wealth production that flows through Canada's economic life stream, loyalty and capability of employees who produce products which create and maintain consumer goodwill.

Canadian International Paper Company
1155 Beaver Hall Square, Montreal
Newsprint Mills: Dalhousie, N.B., Gatineau and Three Rivers, Quebec; Corner Brook, Newfoundland
Bleached Sulphite Pulp Mills: Kipawa, Quebec; Hawkesbury, Ontario

Bathurst

Revenue for Half Year Shows Sharp Gain Over 1936—Trend More Favorable

Bathurst Power & Paper Co.'s earnings for the first half of the current year showed a sharp gain over the corresponding period of 1936. Profits are estimated at $350,000 for the first six months of 1937, as compared with $40,000 for 1936, after depreciation, depletion and taxes.

Certain operations which were undertaken by the company during 1936 are now contributing materially to income. A cylinder machine which produces boxboard is operating satisfactorily and its operations are reflected in earnings.

The newsprint machine which has a capacity of nearly 80 tons a day went into operation at the end of April and the company is now manufacturing and shipping newsprint for the first time in five years. All producing units, including the sulphite mill, are operating.

Plant expenditures by Bathurst this year are expected to run into the neighborhood of $615,000, which will increase capacity by approximately 60%. Orders for the major equipment were placed last January and the work on the addition started in February. The new buildings and installation on machinery are about complete.

Coupled with a steam generating plant will be a large 6,000 kw. by-product steam turbine generator, which will make use of the steam from the generating plant to generate power before steam is passed to the rest of the mill for process work.

There has been considerable talk of the company paying a dividend on its class A shares, of which 400,000 shares are outstanding. It is not expected that anything will be done along these lines until after the results for 1937 are known. Earnings last year were disappointing. Net profit dropped to $57,745 from $94,533 in 1935, in spite of an increase in sales of over $2 millions during the year. This amounted to earnings per share of 12 cents on the A stock in 1936 as compared with 24 cents a share in the previous year.

A feature of Bathurst's statements for several years past, is the strong working capital position. Current assets exceeded current liabilities by nearly $2.2 millions at the end of 1936. This was a drop of over $200,000, largely as a result of outlays for an extensive expansion and replacement programme, from which no earnings were received in 1936.

Indications now are that income for 1937 will compare favorably with any year since the company was incorporated in 1928. Profits of well over $1 a share are indicated for the class A stock, but whether or not this will be shown depends upon the amount which the company's management will set aside for depreciation and other reserves.

Capitalization—

	Authorized	Outstanding
Class A com....	750,000 shs.	400,000 shs.
Class B com....	500,000 shs.	300,000 shs.

No par value.

Funded Debt— None.

Dividend Record— Class A Common—Entitled to $2 per annum. Initial dividend of 25c per share paid March, 1929; none since. Class B—None paid.

Head Office—Bathurst, N.B.

Officers and Directors—

Officers—R. L. Weldon, pres.; P. A. Thomson, vice-pres.; H. J. Webb, vice-pres. and treas.; Raymond Kelly, vice-pres. i/c of sales; G. A. Schryer, asst. treas.

Directors—A. J. Nesbitt, R. L. Weldon, J. B. Woodyatt, H. J. Webb, P. A. Thomson, S. B. Bond, F. J. Campbell, Montreal; H. P. Robinson, Saint John; R. G. Ivey, London, Ont.

Earnings per Share & Dividend Record—

	1936	1935	1934
Class A: Earned.	$0.12	$0.24	d$0.02
Paid	nil	nil	nil
Class B†	d2.51	d2.35	d2.69

None paid.

†Before taking participating features into consideration.

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	132,954	......	181,001
1931	*86,461	......	*40,861
1932	*158,225	......	*202,474
1933	*49,930	......	*245,933
1934	36,627	......	*72,044
1935	239,390	......	22,489
1936	219,953	......	69,859

*Loss or deficit.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Class A	24¾	16½	18½	10½	14	4½
Class B	12½	6¾	8	3	4¼	1

*To September 8.

More Working Capital

Major Operators Build Up Liquid Resources to Care for Expanding Business; Marked Gains Since 1933

Further improvement in working capital position was recorded by practically all of the major pulp and paper companies last year. While two operators are still in default on debt obligations, and only a few are paying dividends, the betterment of operations, coupled with further economies, has enabled the company to add several million dollars to net working capital.

The following compilation lists nine newsprint companies, of which number, eight bettered their working capital position during the past year. For example, Abitibi added nearly $500,000; Lake St. John, $200,000; Consolidated Paper, $2.7 millions; Mersey Paper, nearly $325,000, and Canadian International Paper, $4.4 millions. St. Lawrence Paper was the only newsprint company to report a decrease in workink capital.

In the fine paper field, Howard Smith and Provincial Paper recorded moderate improvement, while Rolland experienced a slight decline.

Among the pulp and paper specialty producers, increases in working capital were general, except for B. C. Pulp.

	1936 $	1935 $	1934 $	1933 $
Abitibi	2,241,301	1,762,850	378,733	*379,098
B. C. Pulp	794,870	830,182	1,147,208	813,033
Bathurst	2,179,585	2,434,375	2,150,839	1,894,212
Brompton	2,046,214	1,545,877	1,518,971	1,439,806
Building Products	1,835,317	1,928,744	1,830,236	1,841,002
Can. Inter. Paper	14,187,187	9,737,079	7,006,510	9,532,673
Consolidated	*725,736	*3,489,287	*6,605,303	*7,313,021
Corrugated Paper	338,559	317,899	258,370	175,890
Donnacona	777,017	733,175	705,618	543,603
Dryden	518,453	532,305	555,342	567,149
Fraser Cos.	2,636542	2,474,858	1,078,656	89,087
Great Lakes	1,095,472	1,013,046	1,140,070	1,074,473
Hinde & Dauch	1,287,774	1,107,192	888,600	587,385
Lake St. John	1,525,951	1,308,665	973,964	458,224
Mersey Paper	2,129,144	*2,455,533	*2,938,714	*3,203,490
Provincial Paper	2,455,672	2,251,859	2,199,676	2,140,552
Rolland Paper	1,015,570	1,037,998	1,020,934	1,073,888
St. Lawrence Paper	334,633	695,470	722,690	563,098
Howard Smith	2,537,610	2,318,365	2,127,373	1,893,063

Note: Fiscal year figures used to correspond with calendar years.
*Excess of current liabilities over current assets.

Dryden

Stronger Sulphate Market Reflected in Higher Operations

Dryden Paper Co.'s earnings for the year ended Sept. 30 are expected to show a sharp gain from that reported in 1936, when 23 cents a share was reported on the common stock before provision for depreciation.

During the quarter ended June 30 last, net earnings amounted to approximately $72,000, after bond interest but before depreciation, as compared with $68,996 for the previous six months.

In the past year there has been a steady improvement in the demand for sulphate pulp and kraft paper. Operations of the company have been at a good level, with the result that dollar sales for the year ended this month, are expected to be higher than any reported in recent years.

This improvement in the company's business is reflected in the work now being undertaken by the company, which will increase the hydro-electric resources by about 2,000 h.p..

While there is no indication of a dividend on common, a moderate improvement in earnings would place substantial earning power back of the junior securities. The company has outstanding only $1.3 million of 6% bonds, ranking senior to the 150,000 shares of common. There has been no provision for depreciation for several years, however, and it may be that the company will take steps to build up this reserve before making any distribution to the common shareholders. On the other hand, the company has a relatively strong working capital.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	150,000 shs.	150,000 shs.

Funded Debt— 1st mtge. S. F. gold bonds, 6%, due 1949, outstanding $1,342,000.

Dividend Record— None paid.

Head Office—Montreal.

Officers—J. H. A. Acer, pres.; F. A. Sabbaton, vice-pres.; H. Humphreys, treas.; E S. Pincott, sec.; W. F. Robinson, asst. sec.

Directors—J. H. A. Acer, F. A. Sabbaton, G. Chahoon, Jr., P. A. Thomson, Dan McLachlan, J. B. Woodyatt, E. S Pincott, E. R. Parkins, Montreal.

Times Interest Earned:

	1936	1935	1934
Before deprec.	1.92	1.08	1.00
After deprec.	1.80	0.96	...

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	193,967	......	162,439
1931	95,311	......	167,750
1932	69,379	......	119,492
1933	32,488	......	*30,196
1934	87,422	......	*47,094
1935	93,215	......	*68,538
1936	162,237	......	*34,294

*Deficit.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Com. ...	20	12	15	4⅜	5¾	3

*To September 15.

Spruce Falls

Direct investment interest has been eliminated in Spruce Falls Power & Paper Co. by redemption this year of the first mortgage bonds. It is controlled by Kimberley Clark Corp., and the New York Times Co. The sharp improvement in results for Spruce Falls in the year ended April 30, 1937, is nevertheless of general interest as indicative of the situation of pulp and paper companies generally.

With an increase of 27.8% in volume and 33.5% in value of paper sales, the company had operating income of $1,160,817, against $409,165 in the preceding year. Sales of sulphite pulp increased 12.5% in volume and 19.2% in value. The improvement in operating income indicates the value to paper companies of larger tonnage production.

Another feature of interest to the trade and to investors in pulp and paper securities is comment of F. J. Sensenbrenner, president, who says that the increase of $1.50 a ton in the price of newsprint this year is being absorbed by increases in wages and cost of materials. This bears out other indications that improved earnings of paper companies this year arise almost entirely from higher volume.

Mills at Capacity

The company operates mills at Kapuskasing, Ont., with annual capacity of about 200,000 tons of newsprint paper 160,000 tons of groundwood pulp and over 80,000 tons of sulphite pulp. The company expects to operate the mills at capacity for the remainder of this year. The financial statement for the year ended April, 1937, is to be the last one made public because of elimination of public interest in the company's securities.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	200,000shs.	200,000 shs.
1st pref. cum. 7%	$9,500,000	$8,900,000
2nd pref. cum. 7%	5,500,000	5,000,100

Par $100.

Kimberly-Clark Corp. holds $2,500,000 first preferred; $5,000,100 second preferred, and 102,000 common shares, the balance being held by the New York Times Company.

Funded Debt— None.

Dividend Record— Dividends paid regularly to Oct. 1, 1932, on both classes of preferred; none paid since.

Head Office—Toronto.

Officers and Directors—

Officers—F. J. Sensenbrenner, pres.; Ernst Mahler, vice-pres.; E. S. Noble, gen. mgr.; G. Barber, treas.; J. S. Sensenbrenner, sec.

Directors — Representing Kimberly-Clark Corp.—F. J. Sensenbrenner, J. C. Kimberly, E. Mahler, Neenah, Wis.; G. Barber, Toronto. Representing the New York Times—G. N. Nelson, A. H. Sulzberger and J. O. Adler, all of New York City.

Seven Years Earnings— Year end. Apr. 30:

Year	Earnings $	Dividends $	Operating Surplus $
1931	1,661,021	973,007	72,866
1932	2,049,758	973,007	206,121
1933	763,375	486,504	4,718
1934	241,989	......	*414,305
1935	354,774	......	*669,354
1936	409,165	......	*817,360
1937	1,160,817	......	*445,224

*Deficit.

Can. Paperboard

Canadian Paperboard, Ltd., shareholders this year approved sale of the company's properties to Robert Gair Co., of New York. The purchase price of the property was $612,500, of which $62,500 is payable in cash and the balance in 6% 40-year income notes. Early in September, 1937, the distribution of the Robert Gair Co. income notes was made to holders of the 7% preference stock of Canadian Paperboard, at the rate of $30 in income notes for each $100 par value of preferred held. Common shareholders of Canadian Paperboard, Ltd., will not receive any distribution.

In 1936 Canadian Paperboard reported a loss of $18,517 compared with a loss of $19,499 in 1935. For the six months ended June 30, 1937, the net loss was $3,139. Deficit carried forward on the company's balance sheet at June 30 was $82,658.

Capitalization—

	Authorized	Outstanding
Common, n.p.v. ..	20,000 shs.	13,844 shs.
Pref. cum., par $100	$2,500,000	$1,570,000

Dividend Record— None paid. Dividends on pref. of predecessor company paid from July 1, 1926, to end of 1929, none thereafter; on common, 3% paid in 1924, 2% 1925 and 1926, 1% 1927, ½ of 1% 1928, none thereafter.

Head Office—Montreal.

Officers and Directors— Col. J. L. Ralston, pres., Montreal; W. S Morden, vice-pres.; J. G. G. Kerry, sec.-treas.; F. Lawson, G. MacLaren, Toronto; S. Johnston, C E. Lewis, Montreal.

Bondholders' Committee — Col. J. L Ralston, S. Johnston, Montreal; J. G. G Kerry, sec., F. Lawson, G. MacLaren, Toronto.

Consol. Income and Surplus Account Years Ended Dec. 31

	1936 $	1935 $
Loss from oper.	2,445	1,961
Add: Exec. remuner..	2,700	2,400
Legal fees	1,065	3,079
Deprec. (Montreal) .	10,000	10,000
Int. on indebt. not matur. in 1 yr. ...	2,208	2,040
Net loss	18,418	19,499
Add: Prev. deficit ...	59,571	34,847
Prior yr. tax adjust.	130	253
Deprec., 1934, Montreal	......	5,000
Less: Sundry items ..	......	28
Deficit forward	78,119	59,571

Can. Wallpaper

Earnings Affected Adversely by Plant Moving, Higher Costs

Canadian Wallpaper Manufacturers Ltd. is the largest producer of wallpaper in Canada. All grades are manufactured, and part of the output is exported, main foreign markets being Australia and New Zealand. Wallpaper Manufacturers Ltd., an English concern, holds a substantial stock interest in the Canadian enterprise.

Plants are located at New Toronto, Leaside, Ont., and Montreal. A new factory was erected in Leaside at a cost of about $400,000 last year by one of the main subsidiaries, Stauntons Ltd. The transfer to new premises interfered somewhat with operations and is understood to have accounted largely for reduction of net earnings in the year ended April 30, 1937. Earnings were also affected adversely by higher costs of raw materials.

Five Subsidiaries

Plants are all held by subsidiary companies, these being five in number, and Canadian Wallpaper Manufacturers, itself, operates as a holding and selling organization. Shares in the enterprise only became of general public interest in the past two years, following offers of class B shares at $20 a share in 1935 and of class A and B shares at $30 each in Feb., 1936. These offerings did not represent new financing, but denoted exchange of ownership of capital already outstanding. Dividends have been paid annually for the past four years. The declaration this year was $1 a share, compared with $1.25 a share in 1935 and 1936. If the previous dividend policy is followed, the next payment will be due in July, 1938, depending upon results for the year ending April 30, 1938.

Outlook for the company would be improved by revival of residential building construction and further renovation campaigns for present housing.

Capitalization

	Authorized	Outstanding
Class A, n.p.v. ..	194,096 shs.	23,442 shs.
Class B, n.p.v. ..	105,804 shs.	105,804 shs.

Funded Debt— 7% collateral trust serial bonds outstanding, as at April 30, 1937, $112,000, all held by subsidiaries.

Dividend Record— Classes A and B—$1 per share paid July 6, 1937; also $1 per share paid 1932; 75c., 1934; $1.25, 1935; $1.25, 1936.

Head Office—New Toronto.

Officers and Directors—

Directors—G. A. Orme, pres., Manchester, Eng.; J. T. Chasney, vice-pres., London, Eng.; A. Ashton, sec.-treas.; R. N. Boxer, E. G. Staunton, G. Staunton, F. M. Hulbig, F. C. Hanson, R. M. McCubbin, Toronto; R. H. Gillean, C. M. Williamson, H. S. Foster, Montreal; A. V. Sugden, Manchester, Eng.; R. Entwisle, London, Eng.

Earnings per Share and Dividend Record— Yr. end. Apr. 30:

Class A & B:	1937	1936	1935
Earned	$1.28	$1.69	$1.87
Paid	1.25	1.25	0.75

Five Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1933	*56,716	......	170,706
1934	185,665	......	306,190
1935	286,876	96,934	452,854
1936	259,922	161,557	509,136
1937	211,162	161,557	469,682

*Loss.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L
Class A	25	25	30½	24
Class B	27½	24	32	24½

*To Sept. 16.

Corrugated Paper

Corrugated Paper Box Co. has reported higher volume for the first half of 1937 than for the corresponding 1936 period, as a result of improvement in general business conditions. Future buying in the first half of the year, in anticipation of rising prices, caused some slackening in the volume of orders in the summer months, but good sales volume is anticipated for autumn.

Earnings for the first half of the year were also higher than in 1937. The company has increased its capacity by installation of additional corrugating machinery. While the company did not cover its preferred dividend in 1931, 1932 and 1933, earnings have subsequently recovered to allow payment of the full $7 annual dividend. Arrears of $33.25 a share were funded in 1936 by issue of 7,857 dividend funding rights. By the end of 1936, rights had been reduced to 5,343, and it is anticipated that there will be further reduction this year. Sinking fund to retire the rights amount to 50% of net profits, after all charges on the preferred stock.

The company's main plant is located at Leaside, bordering Toronto, and in addition to increasing corrugating capacity, the company has started manufacture of folding cartons at Toronto. Through a wholly-owned subsidiary, Hilton Bros. Ltd., the company also owns a plant at Winnipeg. The folding carton division operated by Carton Specialties Ltd., is reported to be operating satisfactorily.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	100,000 shs.	47,000 shs.
Pref. cum. red.	$1,500,000	$731,000

Par $100.

Funded debt— None.

Dividend Record— Preferred—Entitled to 7% per annum, payable quarterly, Mar., June, Sept. and Dec. 1. Initial dividend of 1¾% paid Sept., 1928, and regularly up to and including June 1, 1930; none paid to June, 1935, when payments of $1.75 quarterly were resumed and regularly since. Accumulated arrears of $33.25 settled in 1936 by issuance of funding rights. Common: none paid.

Head Office—Leaside, Ont.

Officers and Directors—

Officers—A. T. Whealy, pres. and treas.; J. A. Gairdner, vice-pres.; J. A. Whealy, vice-pres. and sec.; H. Hilton, Winnipeg mgr.

Directors — *J. A. Gairdner, J. A. Whealy, A. T. Whealy, *W. A. Woodcock, William Lawrence, Toronto; Henry Hilton, W. J. Hilton, Winnipeg.

*Representing preference shareholders.

Earnings per Share and Dividend Record—

	1936	1935	1934
Pref.: Earned	$11.60	$8.92	$7.62
Paid	7.00	5.25	nil
Common: Earned	0.71	0.32	0.10

None paid.

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	131,191	26,067	196,445
1931	†25,815	......	107,034
1932	26,265	......	95,661
1933	59,942	......	110,129
1934	113,875	......	146,236
1935	130,028	41,134	178,989
1936	148,960	51,546	142,831

†Loss.

Market Record:

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Pref.	95½	89	91	78	90	30

*To September 8.

Rolland

May Expand Sulphite Mill Facilities — Earnings Show Favorable Trend

Rolland Paper Co. may expand its sulphite pulp division to bring about an increase of 50 to 100 tons in daily capacity. The sharp rise in the value of this product has made it more desirable for fine paper manufacturers to have an adequate supply to meet their own requirements.

Operations of Rolland Paper largely reflect business activity which affects the demand for fine papers. Last year net operating profit showed a moderate increase over 1935. It is anticipated that this year the improvement will be more pronounced, in view of the wider demand for the company's products. Fine paper prices have advanced steadily in the last 12 months, which has enabled the manufacturers to offset increased cost of labor and materials.

Dividend on Common

The earnings record of this company is one of outstanding stability, particularly during the past three years, and with the continued improvement in business, dividends were inaugurated on the common stock in Aug., 1936, at the rate of 25 cents a share quarterly. During 1936 the company earned 88 cents a share on its common stock, the best reported since 1930 when $1.16 a share was earned.

In view of the current quarterly declaration of 25 cents, it is expected that the income account will show earnings of better than $1 a share for this year.

Strengthen Financial Position

Financially the company has always occupied a strong position. Throughout the depression years it showed very little fluctuation in its net working capital position, current assets exceeding current liabilities by over $1 million.

Last November the company refunded its 5½% first mortgage bonds through the issue and sale of $2,150,000 new first mortgage bonds, comprising $750,000 of short-term bonds and $1.4 million of 15-year, 4½% bonds.

The refinancing will result in a saving in annual interest charges as well as providing for payment of principal and interest in Canadian funds only.

Capitalization—

	Authorized	Outstanding
Common, n.p.v.	100,000 shs.	60,001 shs.
Preferred, cum.	$2,500,000	$1,500,000

Par $100.

Funded Debt— 1st mtge. bonds, series A, 3%, due 1937-39, $225,000; 3½%, due 1940-42, $225,000; 4% due 1943-46, $300,000; 4½% s. f. bonds, due 1951, $1,400,000.

Dividend Record— Preferred—6% per annum, payable 1st March, June, Sept. and Dec. Initial dividend paid Sept. 1, 1928, and regularly since. Common—Present rate $1 per share per annum. Initial dividend of 25 cents paid Aug. 10, 1936, and quarterly since.

Officers and Directors—

Officers—Jean Rolland, pres.; J. Pierre Rolland, W. C. Pitfield, vice-pres.; Oliver Rolland, mill executive; J. A. Forget, sec.-treas.

Directors—Jean Rolland, J. Pierre Rolland, Montreal; Oliver Rolland, Mt. Rolland, Que.; W. C. Pitfield, J. A. Raymond, J. A. Weldon, Hugh Mackay, J. B. McCarthy, Montreal; Jean Paul Rolland, St. Jerome, Que.; J. Y. Murdoch, Toronto.

Times Bond Interest Earned—

	1936	1935	1934
Before deprec. ..	3.36	3.09	2.80
After deprec.	2.49	2.28	2.01

Earnings per Share and Dividend Record—

	1936	1935	1934
Pref.: Earned ...	$9.50	$8.96	$7.27
Paid	6.00	6.00	6.00
Common: Earned	0.88	0.74	0.32
Paid	0.50	...	...

Seven Years Earnings—

Year	Earnings $	Dividends $	Surplus $
1930	†379,358	90,000	281,034
1931	†346,876	90,000	312,204
1932	†323,764	90,000	313,187
1933	†333,871	90,000	315,445
1934	352,941	90,000	332,319
1935	381,769	90,000	371,559
1936	387,805	120,000	321,610

†After operating expenses, federal and general taxes and provision for bad and doubtful debts.

Market Record—

	*1937 H	*1937 L	1936 H	1936 L	1935 H	1935 L
Pref...	106½	102⅞	105	85½	96	83
Com...	31	26	24½	23	..	..
Nat. Tr.	33	25	25	24	..	..

*To Sept. 8.

Don Valley

Sales of Don Valley Paper Co., Toronto, in the year ending Sept. 30, 1936, the last year for which figures are available, exceeded those in 1935 by 10% in physical volume. Owing to a decline in price, however, the actual dollar value of sales was the same. In the preceding year there had been a gain of 15% in physical volume and about 10% in dollar volume.

The company has made good progress in manufacturing and sales for the last nine years. Its lines include cover paper, tags, colored specialties and blotting paper.

Capitalization—

	Authorized	Outstanding
Preferred 7% Par $100.	1,500 shs.	679 shs.
Com., n.p.v.	5,000 shs.	2,967 shs.

Officers and Directors— N. E. Wainwright, pres.; R. H. Joyce, vice-pres.; J. F. MacKenzie, supt. and director; R. I. Finlay, A. B. Mortimer.

Life Insurance Sales Rise 20%

All Provinces But Alberta Higher in Month of August

New life insurance sales in Canada and Newfoundland amounted to $28.3 millions, in August, seasonally lower than in the previous month, but 20% above last year's level. It is the highest August figure in the last four years.

All provinces of the Dominion shared in the improvement except Alberta, and it is probable that but for uncertainty created by the political situation there would have been an increase in that province too. As it was, the decline was very small. Largest actual gains were registered by Ontario and Quebec with increases of almost $2 millions and $1.7 million respectively. It is of interest that more insurance is being bought in Saskatchewan despite the drastically lower wheat crop.

Each month this year with the exception of January, has shown a higher sales total than in the corresponding month of 1936. As a result, the cumulative total now stands at $253.4 millions, compared with $236.2 millions a year ago.

Comparative figures based on returns to the Life Insurance Sales Research Bureau, comprising business of 18 companies writing 89% of all Canadian life insurance, are as follows:

Ordinary Life Sales*
(a) Sales by Months 1934-1937
($ 000 omitted)

	1934	1935	1936	1937
Jan.	27,718	32,968	33,347	27,699
Feb.	29,036	28,716	28,834	30,604
Mar.	32,564	31,416	30,552	31,906
Apr.	33,296	28,900	28,876	32,919
May	33,134	27,423	28,411	31,858
June	32,277	32,112	31,247	37,700
July	33,951	32,155	31,396	32,364
Aug.	28,650	26,854	23,547	28,274
Sept.	28,123	26,696	26,090	.....
Oct.	31,342	30,416	29,402	.....
Nov.	35,863	35,158	36,710	.....
Dec.	27,691	36,550	34,146	.....

(b) Sales by Areas
($ 000 omitted)

	August 1937 $	August 1936 $
Alberta	1,053	1,060
British Columbia	2,366	2,028
Manitoba	1,527	1,288
New Brunswick	944	806
Nova Scotia	1,266	1,136
Ontario	11,631	9,681
Prince Edward Is.	153	101
Quebec	8,014	6,342
Saskatchewan	937	818
Newfoundland	383	287
Total	28,274	23,547

Northland Picture By W. James, Sr.

Three pictures of Ontario's northland which appeared in the special Ontario supplement of The Financial Post last week were taken by William James, Sr.

Two of these showed Timmins as it is today and as it was in 1913 when Mr. James accompanied a Canadian Press party to that area. A third picture showed the main street of Kirkland Lake as it appears today.

Sugar Refining Drops 11 Per Cent

Hand-to-Mouth Buying on Weak Market Believed Reason

In recent months volume of sugar manufactured in Canada has declined sharply. Total for the first seven months of the year is down 11% from the corresponding period of 1936, or a volume drop of 45 million pounds to 342.8 millions. It is not believed that the decline is due to any permanent falling off in consumption, which ranges close to 100 pounds per capita per year, but rather to relatively lighter purchases by refiners of raw materials this year and also to heavier imports of refined sugar.

A year ago the raw sugar market was on a very firm basis and several price increases were recorded. As a result, it is believed that refiners made heavy purchases of raw sugar in anticipation of still higher prices. This year, on the contrary, the market has been easier with considerable prospect of further declines. Such a condition might result in more hand-to-mouth buying policy and probably accounts largely for the present decline in volume of manufacturing.

In addition, in recent months there has been a considerable gain in imports of refined sugar from Cuba and Australia, though the amount is still negligible in comparison with total domestic consumption. Whether this represents a permanent trend, however, is still uncertain.

BRITISH COLUMBIA POWER CORPORATION

LIMITED

and Subsidiaries

OFFICERS:

W. G. Murrin............*President* — A. T. Goward........*Vice-President*
E. H. Adams, *Vice-Pres. and Treasurer* — E. Rogers................*Secretary*

DIRECTORS:

E. H. Adams, C. E. Calder, John Davidson, S. Godin, Jr., A. T. Goward, J. H. Gundy, Andrew P. Holt, Sir Herbert Holt, George Kidd, H. R. MacMillan, W. G. Murrin, A. J. Nesbitt, Austin C. Taylor, P. A. Thomson, J. B. Woodyatt

CONSOLIDATED BALANCE SHEET

as at June 30th, 1937

ASSETS

Current and Working Assets:		
Cash at Bank............	$ 467,525.48	
Accounts Receivable............	1,769,065.38	
Insurance Unexpired and Prepaid Items............	195,030.66	
Employees' Housing Loans, Mortgages, etc............	200,491.22	
Stores, Materials and Supplies on hand as determined and certified by responsible officials of the Companies, valued at average cost.	1,663,183.30	
		$4,295,296.04
Investments:		
Government Bonds............	$1,766,477.32	
Corporation's Shares purchased by Subsidiaries for re-sale to customers and employees............	812,234.00	
Sundry Investments............	5,220.00	
(Market Value, June 30th, 1937, $2,514,728.75)............	$2,583,931.32	
City of Vancouver 3% Instalment Debentures, at cost............	182,560.00	
		2,766,491.32
		$7,061,787.36
Bond Refunding Expense:		
Premium and exchange on bonds redeemed, bond conversion expenses and discount on new bonds issued............		1,193,583.84
Property Account:		
Book values, which represent the cost of acquisition, and the cost of subsequent additions, including discount on bonds of $728,670.56, which is charged to Construction Accounts of Subsidiary Companies............	$140,897,110.90	
Less Provision for Depreciation and Renewals............	26,577,668.43	
		114,319,442.47
		$122,574,813.67

Note:—An appraisal of the properties of the British Columbia Power Corporation, Limited and its Subsidiaries made by Stone & Webster Engineering Corporation of Boston, Massachusetts, as of December 31st, 1936, shows a total replacement cost as at that date (after a deduction for existing physical depreciation) of $131,802,312. This foregoing total includes an amount of $15,000,000 for going-concern value.

After adding the cost of property additions and deducting the depreciation provision made by the Corporation subsequent to December 31st, 1936, the properties on the basis of the above appraisal have a value at June 30th, 1937, of $132,381,955.15.

LIABILITIES

Current and Accrued Liabilities:		
Accounts Payable............	$1,411,759.68	
Reserve for Income and Other Taxes............	1,263,837.48	
Debenture and Bond Interest Accrued............	434,613.71	
Dividends Declared, since paid............	699,600.00	
		$3,809,810.87
Bond Debt............		38,799,051.51
Capital Stocks of Subsidiary Companies Held by Public:		
British Columbia Electric Railway Co., Ltd.— 5% Cumulative Perpetual Preference Stock............	$6,984,000.00	
British Columbia Electric Power & Gas Co., Ltd.— 6% Cumulative Preference Shares............	5,000,000.00	
The Company has the right to redeem these 6% Preference Shares with a premium of 5%, subject to the sanction of the Supreme Court of British Columbia.		
Minority Shareholders of Subsidiary Companies............	3,446.25	
		11,987,446.25
Reserves:		
General and Accident............		1,307,110.18
Capital:		
Authorized— 1,500,000 Class "A" Shares without nominal or par value entitled to non-cumulative preferential dividends aggregating $2.00 per share and equal participation with Class "B" Shares up to a further $3.00 per share, redeemable at any time on resolution of Directors at $100.00 per share. 1,500,000 Class "B" Shares without nominal or par value.		
Issued— 1,000,000 Class "A" Shares and 1,000,000 Class "B" Shares issued for a total cash consideration of	$59,250,000.00	
Capital Surplus:		
Surpluses of Subsidiary Companies as at May 19th, 1928, the date of the acquisition of their Capital Stocks by the Corporation.....	6,115,764.59	
Earned Surplus:		
As per statement............	1,305,630.27	
		66,671,394.86
		$122,574,813.67

Approved on behalf of the Board { W. G. MURRIN, Director. GEORGE KIDD, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the Books and Accounts of the British Columbia Power Corporation, Limited and its Subsidiary Companies for the year ending June 30th, 1937, and have obtained all the information and explanations which we have required and we report that, in our opinion, the above Consolidated Balance Sheet at June 30th, 1937, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation and its Subsidiary Companies, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO., Chartered Accountants.

Vancouver, B.C., August 14th, 1937.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS ACCOUNT

for the year ended June 30th, 1937

Gross Revenue from Operations............	$14,788,281.04	
Income from Investments............	120,507.35	
		$14,908,788.39
Deduct—		
Operating Expenses, including Municipal Taxes............	$7,332,894.59	
Legal Fees and Executive Remuneration............	97,492.50	
Directors' Fees............	20,913.11	
Provision for Accidents............	60,000.00	
Provision for Depreciation and Renewals............	1,940,955.02	
Provision for Income Taxes............	933,131.34	
		10,385,386.56
		$4,523,401.83
Deduct—		
Interest on Bond Debt............	$1,765,573.42	
Cost of Exchange............	28,292.09	
Appraisal Expense written off............	20,315.44	
Discount on retired Bonds—Balance written off............	293,792.00	
		2,107,972.95
Net Profit for the year............		$2,415,428.88
Deduct— Dividends on Preference Stocks of Subsidiary Companies—		
5% Cumulative Perpetual Preference Stock............	$ 349,200.00	
6% Cumulative Preference Shares............	300,000.00	
		649,200.00
		$1,766,228.88
Deduct— Dividends on Class "A" Shares for the year ended June 30th, 1937............		1,700,000.00
		$ 66,228.88
Add— Earned Surplus—Balance at June 30th, 1936............		1,239,401.39
Earned Surplus—Balance at June 30th, 1937............		$1,305,630.27

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Week in Mining

Alberta Oil Problem Demands Calm Attack

Hiatus Between Supply and Marketing Facilities Seen as Only Temporary — Controlling Canada's Metals

Alberta oil companies which, judged by actual achievement, are still of predominant interest marketwise, are facing a temporary period of unsettlement, owing to difficulties in bringing the growing supply of oil to the places in Canada where it is most in demand.

That these difficulties are not insurmountable goes without saying. There is little doubt that some arrangements will be made whereby Alberta's oil will be allowed to compete with imported oil in the industrial centres of Canada. In the meantime, the oil industry has, undoubtedly a problem on its hands. Independent operators are vigorously fighting the pro-rating programme of the two big refining companies, Imperial Oil and B. A. Oil. It seems obvious that, with some 30 wells at present being drilled, the 65 per cent pro-ration placed in effect can only be a temporary arrangement, as it only reconciles present production with available demand. In other words, there is every reason to expect that within the next month or two, the supply will be greatly augmented, so that the objective aimed at by a 65 per cent pro-rating would in itself be inadequate.

At the present time the Federal Government is being asked to take a hand in solving a problem which is of great importance to Canada. Whether this assistance should take the form of asking the Federal Government to underwrite a pipe-line scheme, as suggested by some enthusiasts is doubtful, in view of the probably uncommercial nature of such a gigantic undertaking. In any event, many oil men doubt whether the railways would not sit by and lose, without effort, the tremendous transportation involved, to a pipe-line concern, private or governmental. An alternative would be a subsidy from the Government, similar to that provided for coal.

Whatever the course taken, oilmen are stressing the importance of the problem, and urging that its solution be placed in the hands of unbiased experts, rather than become an issue in a cat-and-dog fight between producing and marketing interests.

Loose Talk

Once more the Canadian Government is being urged to nationalize nickel and radium, this time the appeal being made by the Trades and Labor Congress at the recent Ottawa convention.

The pros and cons of nationalizing such metals offer material for serious debate, particularly during times like these. That such an important group as the Trades and Labor Congress should discuss the problem is all to the good. It is, however, unfortunate that the discussion should have been carried on with such slight regard for the facts, and that loose and misleading statements on the part of those advocating such control should, if press reports can be relied on, go unchallenged.

For instance, it is difficult to believe that the congress gave the matter much serious thought before drafting its resolution, when one reads that public ownership of "the rich radium fields of Alberta" is urged in the resolution. The only radium deposits in Canada which have given evidence of commercial possibilities are those of Eldorado Gold Mines, situated on Great Bear Lake, in the Northwest Territories, some 500 miles outside Alberta.

This might be thought an unimportant geographical slip, if it did not indicate the limited amount of study devoted to this complex question of nationalization, before the much-publicized resolution was passed.

• • •

"Having" vs. "Supplying"

Again, in being asked to support the resolution calling for public ownership of the Sudbury nickel deposits, the congress was told, that "Canada has 95% of the world's nickel." This statement is, of course, one of those dangerous half-truths. While Canada at present supplies about 95% of the world's nickel, this is an entirely different thing from "having" 95% of the world's nickel. Nickel is one of the most common metals in the earth's crust, and occurs practically all over the world. At present, the Sudbury deposit, through geological accident and industrial efficiency, has proved to be the lowest cost deposit, and other deposits cannot compete with it under present conditions. Shut off the Canadian supply, however, and there is little doubt that other deposits throughout the world would be quickly brought into production. This would be especially true during war time.

All evidence strongly supports the belief that a major war would, from a long-term point of view, wreak more harm to Canada's nickel industry than good, despite the claim of the labor speaker that such companies are "prepared again to offer Canadian workers as a sacrifice to their profits."

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Chibougamau Reorganization

With the property still a considerable distance from the production stage, and with only an estimated 140,000 shares left, it is evident that before work can be resumed at the Quebec property of Consolidated Chibougamau Goldfields, some reorganization of the capital structure would be necessary.

While the outlook for the property will probably be considerably clarified by the expected detailed report of Consolidated Mining & Smelting Co., it is evident from statements of Smelters officials that there is much work yet to be done, both at the property and in the district as a whole, before smelting operations would be justified.

In the meantime, shareholders of Consolidated Chibougamau Goldfields can take comfort in the thought that with nearly $1 million of Smelters money in the property, and with that company holding well over one million shares in Consolidated Chibougamau, it is not likely that matters will be allowed to remain long static, unless Smelters is willing to write-off the whole proposition. Sufficient has been said by that company to indicate that such is not its desire.

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Book of Men and Events

A valuable service has been rendered the Canadian mining industry by Thomas W. Gibson, for many years deputy minister of mines in Ontario, and now consultant to the department, in the publication of Mr. Gibson's book, "Mining in Ontario."

In chronological and extremely readable form, Mr. Gibson tells the dramatic story of the rise of mining in this province, not by means of production figures and statistics, but through the medium of men and events, from Jacques Cartier to the present day. With such a medium, and from the long connection of Mr. Gibson with the mining industry, it is not surprising that this book should be as absorbing as it is.

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Index to Mining Stocks

Mines were affected by the reactionary movement suffered by the industrial and utility groups and the Dominion Bureau of Statistics general index of 24 mining issues declined for the fourth successive week, the index falling from 131.5 for the week ending September 9 to 126.3 for the week of September 16. The setback was pronounced and reflected a prevailing feeling of uncertainty. The trend was reversed on September 14, and base metals showed the widest gains, but later as sharp declines in London markets occurred the advance was reduced. On the closing day (Thursday the 16th) interest was centred upon the secondary gold issues and a marked gain was registered, as indicated by the daily index which ended the week 1.9 points above the corresponding figure of the preceding week. The weekly index of golds receded 3.3 to 101.1 and base metals 13.8 to 229.6.

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To Maintain Small Crew At Chiboug

Smelters Not to Complete Small Option Balance Outstanding

While it is not likely that full clarification of the situation surrounding the properties of Consolidated Chibougamau Goldfields, in Quebec, will be possible until Consolidated Mining & Smelting Co., who have been handling development, make their promised report by freeze-up time, several developments of importance have taken place within the past few days.

One of these was the announcement by Smelters that after Oct. 1, it does not plan to take up any more shares of Consolidated Chibougamau, except such as may be necessary to liquidate the outstanding accounts at that date.

Another important development was the decision of directors of Consolidated Chibougamau to maintain a crew at the Cedar Bay property. Consolidated Chibougamau owns five groups of claims, designated as the Cedar Bay, Merrill Island, Bear Bay Bourbeau Lake, and Peninsula groups, in Chibougamau, as well as property in Quebec's Rose Lake area.

Early in 1934, Consolidated Mining & Smelting Co. became interested in the properties, and acquired management of operations, concentrating its operations on the Cedar Bay property.

Private Agreement

Through a private agreement with A. H. McKay, balance of options obtained by McKay were assigned to Smelters. This agreement covered 1,501,000 shares, at the following prices: 301,000 shares at 50 cents; 600,000 shares at 50 cents, and 600,000 shares at $1. Completion of this option would have necessitated an outlay of $1,050,500 on the part of Smelters. Actually taken up by Smelters were the 301,000 shares at 50 cents, the 600,000 at 50 cents, and 460,000 shares at $1, totalling 1,361,000 shares at a total outlay on Smelters part of $910,500, up to the present time.

At this time, therefore, Consolidated Chibougamau Goldfields finds itself with a partially developed property on its hands, and only 140,000 shares left in the treasury. Smelters officials, expressing faith in the area as a whole, have intimated that a reorganization of Consolidated Chibougamau would be necessary, as shown by the above facts, before the property could be brought into production.

In anouncing decision of Consolidated Chibougamau to maintain a skeleton crew on the Cedar Bay property, directors state that the company has sufficient funds on hand for such a purpose, other than those supplied by Smelters.

Report Falconbridge Buys Mount Nickel

SUDBURY.—Word from authentic quarters is to the effect that the deal has been completed between Falconbridge Nickel Mines and Ontario Nickel Corp. whereby the former acquires the Mount Nickel Mine, adjoining the Frood-Stokie deposit of the International Nickel Co. Negotiations were opened a short time ago, and completion of the agreement depended upon delivery of the title to the ground. Ontario Nickel secured the Mount Nickel some months ago from the Great Lakes Copper Corp. and early this summer carried out a brief programme of diamond drilling which, it is understood, intersected good widths of nickel-copper ore. Purchase of the property by Falconbridge is another step in the policy of that company which has brought into its possession several thousand acres of nickel land in the district, some of which has already been explored with encouraging results.

YELLOW GOLD AND BLACK GOLD

This photograph, taken during the mining convention in Vancouver last week, shows Dr. W. B. Burnett (left), president of Cariboo Gold Quartz Mines and president of the British Columbia Chamber of Mines, in conversation with Russell V. Johnson, well-known Alberta oil geologist.

News Concentrates

Ainsworth Mines operating the Banker, Townsite and Albion properties at Ainsworth, Kootenay Lake district of British Columbia, has cut the Banker vein in the long crosscut at almost the exact point anticipated, reports Carl M. Mohr, managing director. Three working tunnels have now opened the Banker vein over total length of 4,000 ft., and all three show crude shipping ore, widths up to 7 ft. having been exposed.

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Dawson-White Gold has encountered high-grade ore in the south drift on the 100-ft. level of its property in Sturgeon Lake area of Ontario, it is officially reported. A section grading $9.09 across 38 in. was opened in previous drifting before this was stopped to allow the shaft to be sunk to 200 ft. Assays secured from the last two rounds since the resumption of drifting were $31.85 across 31 in. and $37.56 across 50 in.

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Gold & Metals Exploration Co. has prepared for its clients an analysis of Canadian producing gold stocks, in tabular form. In detailed form, this analysis shows the important factors of nearly 50 gold producers, including a two-year record of earnings per share, recovery per ton, dividends, and market range.

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Kirkroyale Gold Mines is reported to have discovered three new veins in prospecting on the southwest section of its property between Lakeside Kirkland and Kirkking. One vein is said to be 8 feet wide, and sampling is now in progress. Company has dewatered the shaft on the main section of its holdings and begun sampling on the 1,050-foot level. Previous work showed the vein to be wider than on the upper horizons, and preliminary sampling returned gold values from a trace to $9.80 in gold per ton.

Lake Geneva Mines, in Hess twp., 40 miles northeast of Sudbury, will resume operations in less than two months, it is reported, following the rebuilding of the power house destroyed by fire with a loss estimated at between $30 and $35 thousand, covered by insurance. It is said that the product of the mine has been sold in advance.

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Nipsona Mines advises shareholders in a progress report signed by M. O. Inglis, secretary, that assay returns from work on its Beardmore property were not considered sufficiently important to warrant a diamond drilling campaign.

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Lebel Oro Mines production at the Long Lake property, near Sudbury, to the end of August has totalled $72,364, according to official report. Output in August was lower than in the preceding month, being $21,464 from 3,421 tons against $33,100 from 3,320 tons in July. June production was $17,800 from 2,607 tons. Averages per ton were: June, $6.82; July, $9.97; August $6.27.

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Valloc Gold, with holdings south of Wabigoon in Kenora district of Ontario, has acquired eight additional claims immediately adjoining its original group, bringing the total to 17 claims. In surface work seven veins have been opened, the most important of which are Nos. 1 and 3. A shaft was sunk to 85 feet on No. 1 vein in previous work. Vein measured 17 inches on the east and 22 inches on the wet 8 feet down. Diamond drilling began recently.

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Yama Gold reports that H. G. Way, consulting geologist, has recommended diamond drilling along vein No. 4 on the company's McKnight group of claims, south of Larder townsite in the Larder Lake area. Assays up to $12.60 have been vein 18 to 20 feet wide.

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Monarch Mines. E. V. Oag, vice-president and managing director, informs The Financial Post that rights to shareholders to subscribe for shares of Caryl Mining Corp. at 25 cents per share will expire, and the books will close at 12 p.m. Oct. 2, 1937. Caryl Mining Corp. will, under present plans, eventually own 51% interest in Chesterville Larder Lake.

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Southern Golds reports that a 60-ton test shipment of selected ore, taken from the drift on the No. 3 vein at its South Carolina property, returned an average gold content of $40.60 per ton.

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Woman Lake Goldfields, holding 26 claims in Woman Lake district of Ontario, is advised by D. M. Thomson, consultant, that 12 veins have been located by surface exploration. He recommends that the company spend $100,000 to install equipment, sink a shaft and develop the property to 350 ft. depth.

Are Your Mining Holdings Sound?

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U.S. Joins Canada At Mine Pow-Wow

Chief Problems Facing Industry Subject of Papers

From Our Own Correspondent

VANCOUVER. — More than 400 delegates attended the joint annual western meeting here of the Canadian Institute of Mining & Metallurgy and the American Institute of Mining & Metallurgical Engineers.

The Canadian delegation was headed by Hon. Michael Dwyer, president of the C.I.M.M., and minister of Mines in Nova Scotia, who was later joined by Hon. T. A. Crerar, federal minister of mines, and Dr. Charles Camsell, deputy minister.

Among the American mining men who took a prominent part in the convention were R. C. Allen, of Cleveland, president of the American Institute, and Secretary A. B. Parsons; Dean Milnor Roberts of the University of Washington; Dr. John Wellington Finch, director of the U.S. Bureau of Mines; Dr. Carl Edward Magnusson.

Of particular interest in view of the international controversy over fumes from the Consolidated Mining & Smelting Company plant was the paper of Prof. Magnusson of Seattle, who suggested abandonment of dyked farm lands in the West Kootenay district of British Columbia and northern Idaho in favor of expanding hydro-electric power developments. He claimed that hydro development would be of greater value to every interest concerned than the present agricultural activity in that area.

Anglo-Huronian, Howey Join Forces in N.W.T.

Anglo-Huronian Ltd. and Howey Gold Mines Ltd. have jointly secured option and control of the Vicmac group of slightly over 60 claims, lying between the Giant Yellowknife property and the Con group of Consolidated Smelters in the Yellowknife area, Northwest Territories. This group is believed to carry the extension of structural conditions on the Giant Yellowknife group, and it is intended to begin exploration, including diamond drilling as soon as possible. The deal embraces the formation of a new three-million-share company and an option on the treasury stock at graded prices up to $1.50 per share.

St. Anthony Output $29,500 in August

August production at St. Anthony Gold Mine totalled $29,500 in gold from 2,635 tons of ore milled, giving an average recovery of $11.20 per ton.

The company reports that development work in the "glory hole" on the 350-ft. level is now approximately 170 ft. in length and is being extended both in a northerly and southerly direction.

On the 500-ft. level, ore section known as 501 is now being prepared for stoping for future millfeed.

New ore was encountered on the 150-ft. level and a raise is now being driven to block out this section of ground.

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Spooner to Delay Underground Work

Spooner Gold Mines, in Beardmore area, adjoining Northern Empire Gold, considers it advisable to delay underground work and the purchase of heavier equipment until the results of Northern Empire's deep exploration of the main vein are known, states a report issued by H. T. Leslie, Spooner's president. Deep drilling has shown that much deeper operations than were originally expected must be contemplated, and for this work the existing mining equipment appears to be too light.

Wood Cadillac Reports on Underground Work

From Our Own Correspondent

MONTREAL.—Wood Cadillac has on hand funds estimated to be sufficient for current development work, according to a statement submitted to the Montreal Curb Market.

At present the shaft is down to 250 feet, at which level a station is being cut. Work on the shaft will be continued to 520 feet, with another level to be opened up at 500 feet.

At approximately 120 feet from the shaft, the first of three parallel zones indicated by diamond drilling is expected to be intersected. This zone, as well as the other two zones, will be explored at both these horizons.

Placer Reports Dividend From Its Subsidiary

MONTREAL. — Placer Development Ltd. advises the Montreal Curb Market that Rutherglen Gold Dumps Ltd., in which Placer Development holds a 64% interest, has declared a 20% dividend, payable on September 16, 1937.

Asnazu Gold Dredging, in which Placer Development holds a 41% interest, has declared a 10% dividend, payable Oct. 15, 1937, to shareholders of record on Oct. 15.

Stadacona Hits Out at Rumors

From Our Own Correspondent

MONTREAL.—Stadacona Rouyn Mines mill is now treating approximately 300 tons a day and will continue to do so, according to an official statement released by the company in answer to an enquiry from the Montreal Curb Market respecting the rumor that the mill would be shut down.

Roy Anderson, managing director of Stadacona Rouyn Mines, officially states that the Stadacona mill is treating approximately 300 tons per day and will continue to do so, and that there is no truth to any statement alleging that the mill will be shut down.

Preparations are now complete to sink the shaft to the 900-foot level and open up new levels to that depth at intervals of 125 feet.

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Funds Famine Hits Mining In Manitoba

Many Crews Pulled Off Properties by Financing Difficulties

NORTH MORE ACTIVE

From Our Own Correspondent

WINNIPEG.—Difficulty in securing finances has resulted in a very considerable slackening off in the mining tempo in the Manitoba district and particularly in the Central or Rice Lake district. Outside of the established mines, such as San Antonio, Gunnar Gold, Laguna, God's Lake, Sherritt Gordon and Hudson Bay Mining and Smelting, development is very slow. Gurney Gold is pressing its mill construction forward and expects to be operating early next month, adding one more to the list of Manitoba gold producers.

In many cases crews have been pulled off because of the difficulty of finding development money, and present indications do not look particularly encouraging for an early resumption.

Diana Consolidated is still practically closed down, although it is being kept in condition to re-commence on very short notice. It had reached an interesting stage when lack of immediate funds caused a halt.

At Island Lake there are rumors of a new and interesting find, but little is known outside of the fact a 12-foot vein has been uncovered at the west end which looks promising. Claims have not yet been recorded. Manistik Lake Mines has temporarily pulled out its crew, considerably short of its objective in underground exploration on the 250-foot level.

Central Manitoba Treats Tailings

Central Manitoba Mines has a small crew at work running tailings through the mill, and profits are expected to run about 30 cents per ton. Central Manitoba has a quarter of a million dollars in its treasury and is looking for an opportunity to obtain another property. It has already examined a number of properties but has found nothing suitable yet.

North of 53, in the Elbow Lake and Cranberry Portage districts, there is a fair amount of activity, while drilling has commenced on the Man-Sask property at Phantom Lake just south of Flin Flon. E. P. Sawyer passed through Winnipeg a few days ago to take charge of drilling operations on this property for Hammell interests.

In the Star Lake district a few miles west of the Manitoba-Ontario boundary there is a fair amount of activity. Star Lake Mines have a small crew at work, principally examining surface showings, and generally getting the property in shape for examination by engineers. Adjoining it, the Sunbeam Kirkland are getting additional camps ready and will commence further drilling shortly.

Gauging the Mining Market

Paradoxes Lead to Question: Are Stocks on Bargain Counter at Present Level?

By WILFRID SANDERS
Mining Editor, The Financial Post

At first glance, the mining market at present appears to be witnessing one of those strange anachronisms which make it such an unpredictable and intriguing institution.

An anachronism is defined as "a mistake in time, by which something is put in the wrong period."

Today, Canadian mines are producing more wealth and paying more in dividends than ever before in history. At this time of achievement on the part of the mines, however, the public are paying, as judged by the market index, less for mining stocks than they have paid since 1933.

In putting this low valuation on mining stocks, is the public, in reality, "putting something in, in the wrong period"? If so, isn't the readjustment of this condition going to mean opportunities, or market bargains?

Finding a Gauge

Some sort of standard is necessary. It is of little use in mining to use precedent as a standard. What the public did yesterday to gold stocks is just as apt to be wrong as what the public is doing today. In any event, one does not buy mining stocks simply because one bought them a year ago, or because one's father bought them.

Speculation or Investment

Mining stocks are bought for two elementary reasons—(a) in the hope of selling them later at a higher price, or in other words, as a speculation and (b) for the dividends they pay, as an investment.

Herein lies the only worth-while gauge which one can apply to the market. That Canadian mining stocks are bought more for the first reason than for the second is evident in the very fact that they are today selling at such comparatively low prices when, as will be seen, they are paying comparatively high returns.

Following a major boom, in which the Dominion Bureau of Statistics' weekly index of 24 mining stocks was boosted to its peak of 177.2 last February, mining stocks have steadily dropped in value until today this index stands at around 130.

While the causes of this decline were many and complex, the most preponderant cause appears to have been fear of war, aided and abetted by the fact that the 177.2 mark undoubtedly represented an inflated mining market. Such incidents as the gold scare, talk of labor trouble, etc. were contributory causes only, as indicated by the fact that their departure from the scene was not heralded by a recovery move. It appears that powerful investment support is lacking at least in the market for older gold shares.

What would happen, then, to mining stocks were war, on an international scale, actually declared? Here precedent, duly qualified by changed conditions, can be of some help.

Mining Stock Yields

	Rate	Close Sept. 20	Yield Sept. 20	Close Feb. 1	Yield Feb. 1
Bralorne	40c+35c	7.60	*9.8	8.70	*8.6
Buffalo Ankerite	50c+12½c	9.75	*6.4	11.87	*5.2
Cons. Smelters	50c+$1	67.00	*2.2	76.50	*1.9
Dome	$2+$2	38.75	*10.3	50.50	*7.9
Hollinger	65c+45c	11.00	*10.0	15.37	*7.1
Inter. Nickel	$2	52.50	3.8	63.25	3.2
Kirkland Lake	‡3c	1.28	2.3	1.20	2.5
Lake Shore	$4+$1	48.00	*10.4	56.25	*8.8
Macassa	15c	4.75	3.1	8.00	1.8
McIntyre	$2	33.25	6.0	39.00	5.1
Noranda	‡$1.75	52.00	3.3	74.50	2.3
Premier	12c+4c	2.10	*7.6	4.05	*3.9
Pioneer	40c	3.60	11.1	6.50	6.2
Pickle Crow	40c	4.85	8.2	9.20	4.3
Sylvanite	20c+5c	2.85	*8.7	4.70	*5.3
Teck-Hughes	40c+5c	4.90	*9.2	5.95	*7.5
Wr.-Hargreaves	40c+35c	6.40	*11.7	8.00	*9.3

*Yield includes bonus. ‡Interim.

When the war panic reached a head in 1914, Montreal and Toronto Stock Exchanges were closed. Open trading without restrictions was resumed in mining shares on March 27, 1915. Here is how some of the mining stocks behaved, as shown by the monthly high and low marks:

How War Affected Stocks

	Hollinger High	Hollinger Low	Dome High	Dome Low	Smelters High	Smelters Low
1914	$	$	$	$	$	$
Jan.	17.60	16.85	17.75	14.50	106½	83⅝
Feb.	17.05	16.50	17.25	16.90	112½	105½
Mar.	16.75	16.00	16.50	11.50	109½	100
Apr.	16.35	15.80	11.50	8.25	103⅜	95
May	17.25	15.25	10.70	8.35	98	95
June	19.25	17.00	9.10	7.45	105	89½
July	19.20	18.00	9.20	9.00	90	88
1915						
Jan.	....	....	....	....	...	..
Feb.	22.80	22.30	6.15	6.15	...	..
Mar.	24.25	22.30	14.00	6.25	102	79½
Apr.	24.50	23.50	14.50	12.50	110	97
May	27.50	24.10	14.00	13.75	105	98
June	26.35	25.50	18.60	10.60	109	101½
July	27.25	26.00	24.25	19.15	110½	101

The above three mines were the chief operations among listed stocks, in which interest still survives. It will be seen that in the case of Hollinger the market price rose considerably after hostilities had actually gotten under way. Consolidated Mining and Smelting Co. stock held firm and showed its greatest gains later on in the war period. Dome Mines stock fell off from March on, but evidence indicates that this drop in price was due to local conditions at the property and not to the war. This view is supported by the gains made in the stocks in 1915.

On the whole, then, it is evident that the declaration of war did not, in 1914, plunge gold and metal stocks to new lows.

It is logical to expect that at the declaration of war costs of supplies, equipment and labor would rise sharply at the mines, thereby reducing their profit materially.

What actually occurred?

Costs all Down!

In the annual report of Dome Mines for the fiscal year ended March 31, 1915, it was shown that operating costs were reduced by $1.23 per ton, despite abnormal conditions brought about by what was termed by the general manager, "the European war." In the report for the fiscal year ended March 31, 1916, a further noticeable reduction in costs was shown.

In reporting to shareholders at the end of 1914, directors stated; "The matter of working costs has received strict attention during the year, and the promised reduction to $4.50 per ton has been fully realized." The management expressed the hope that before the end of 1915 costs would be reduced to $4 per ton. In spite of higher prices prevailing in 1915, this hope was more than realized, costs, excluding depreciation, for that year being shown at $3.54 per ton.

Consolidated Smelters faced a period, after declaration of war, of unsettled metal prices, and higher labor costs. In addition, immediately after declaration of the war, many of the mines which shipped to Trail Smelter closed down. When the demand of metals increased as hostilities continued, however, metal prices improved, and the outside properties were reopened wherever ore conditions warranted.

Conditions Not Parallel

The fact that the gold mines, as indicated above, were able to reduce their costs during this period should not be allowed to mislead one into the belief that a similar reduction would be possible in the event of a major war today. At that time, Hollinger and Dome, and Canada's other leading mines were, in the main, just finding their feet, and were increasing the amount of tonnage handled daily. In addition, their flow-sheets were being more or less tuned up, and there was more room for improvement and economies than there would be now. Today, it would be logical to expect that outbreak of war would increase the working costs at the mines. To what extent this increase would be offset by further economies cannot be estimated. The long-term effect of the war was, of course, enormously beneficial to gold stocks, in that it resulted in general inflation and $35 gold.

So much for the war element in today's market. It was mentioned above that the war scare, as the chief factor in the present depressed market, was aided and abetted by the gold and labor scare, and by the fact that previous highs represented an inflated market. The gold and labor scare has now more or less spent itself as a factor in the market, although the problem still remains in a less acute form. The inflated condition of the market has been rectified by the slump in prices, so that both these factors need not occupy much space here.

Summing up on stocks as a speculation, it is evident that for the gold stocks, the future seems fairly clear, certainly clearer than it was when prices were much higher. For the base metals, the fact that we still appear to be in a broad recovery movement, leaves the future actually bright.

Mines as Investment

In discussing stocks as an investment, the question of yield is of paramount importance.

The above table tells its own story graphically. In February, market prices were high, and the public, content with a yield on such stocks as Lake Shore of 5.1%, were said to be "discounting the future." Today Lake Shore is yielding over 10%, and its prospects have certainly not been cut in half since February. The same is true of the other senior golds, most of which are paying today yields which must be admitted to be attractive as investments.

Although, through sympathetic reaction, the mining market has followed in the present instance, the course of the industrial market, it is, of course, not necessarily tied to it. There have been many instances in the past when the mining market has been enjoying tremendous activity while the industrial market, facing a different set of problems, has been dull. Frequently, attention has been directed to the gold stocks as a direct result of inactivity in business circles.

See 5 Producers In Saskatchewan

Smelters and Athona Expect Properties in Production in 1938

From Our Own Correspondent

REGINA, Sask.—While low watering, hampering transport of heavy machinery from Waterways to Goldfields via Athabaska River, is having an adverse effect on mining companies in that field, it is not expected to have a serious effect on their winter's work.

At time of writing there was reported to be something like 6,000 tons of freight to be moved from Waterways railhead to the various mining camps, but with a month of possible water transportation ahead it is likely that this freight will get through. Bulk of such freight is for Consolidated Mining and Smelting Co. and Athona mines, who intend to have mills in operation during 1938.

With these two mines coming into production Saskatchewan will have four producers, the other two being on the east side of the province, one already operating, the Monarch with a 50-ton mill and, in process of construction, the Amisk mine plant of 200-tons output. There is also revenue for the province in the ore taken from the Saskatchewan side of the Hudson Bay Mining and Smelting Co. workings.

Your Mining Stocks

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Halliwell Gold Mines

Would you kindly let me have your opinion on Halliwell Gold Mine? Do you think that it will soon be listed on the Toronto Exchange? This stock has gone up to $1 in the spring, and is now given as 48-52.

Recent reports from the property of Halliwell Gold Mine which is developing a gold-copper prospect in Beauchastel twp. of Quebec have been encouraging. Work on the 450-ft. level into the area previously drilled is beginning to show results.

This property is still in the prospect class, but the company is well financed, having at last report $280,000 in cash in the treasury. The technical development programme is under the direction of Mining Projects of Canada Ltd., a well regarded engineering firm. The stock was well sponsored, having been originally offered by Johnston and Ward.

Brengold Mines

Can you give me any information as to the financial position of Brengold Mines, also are they working the mine and if so what are their prospects?

Brengold Mines has been continuing development work on the property in the Sturgeon River area formerly held by Casey Contact Gold Mines, but we understand that the results have been very spotty and the outlook for this property at present is not encouraging. The company has not, to our knowledge, issued a financial statement. Of an authorized capitalization of three million shares $1 par value, 1,773,935 were outstanding of which 1,043,935 were pooled for an indefinite period.

Cree Lake Gold

One of our clients holds a certificate for six units of Cree Lake Gold Syndicate dated Toronto, April 6, 1933, and bearing the seal of Daniels & Co., and the signature of Mark Daniels, trustee.

We shall appreciate it if you can refer us to any source of information concerning this security.

Cree Lake Gold Syndicate was taken over by Harlake Gold Mines, Ltd. in 1934. The property consists of six claims in Swayze area and nine claims in the Little Long Lac area of Ontario, neither of which are active at present. However, Harlake Gold Mines has some assets, including some 200,000 shares of Upper Canada Mines which is quoted on the unlisted market at around 26 cents per share.

Unit holders of Cree Gold Syndicate received 200 shares per unit thus making your client's equity equivalent to 1,200 shares of Harlake Gold Mines. Unlisted dealers in Toronto at time of writing quote us a price of from two to three cents on Harlake shares.

Associated Oil & Gas

Some information regarding Associated Oil & Gas Co. would be appreciated by an old subscriber.

Associated Oil and Gas Co., with head office at 200 Leeson and Lineham block, Calgary, was incorporated under a Dominion charter in 1927. The company holds 40 acres in Turner Valley, Alberta, which it acquired in 1927 for one million shares.

Associated Oil has a drilling contract with Imperial Oil which takes all production until drilling costs are paid, then 50% of net production. The No. 1 well is producing crude naphtha at 5,410 feet, and well No. 2 is also producing.

Production in 1935 had a value of $11,833 and to Aug., 1936, Associated Oil and Gas produced crude naphtha to the value of $3,283. There is a royalty of 12½% payable to United Oils Ltd. The company also owns 7,500 shares of Pacific Eastern Gold Mines. It is capitalized at one million shares of no par value, and all of these are outstanding.

List New Stock

From Our Own Correspondent

MONTREAL.—Application is being made by International Paper & Power Co. to list the new cumulative convertible 5% preferred, the new common stock, and also the current stock purchase warrants of the company on the Montreal Stock Exchange. The issue of the new securities is based upon the plan of capital reorganization recently adopted by the shareholders.

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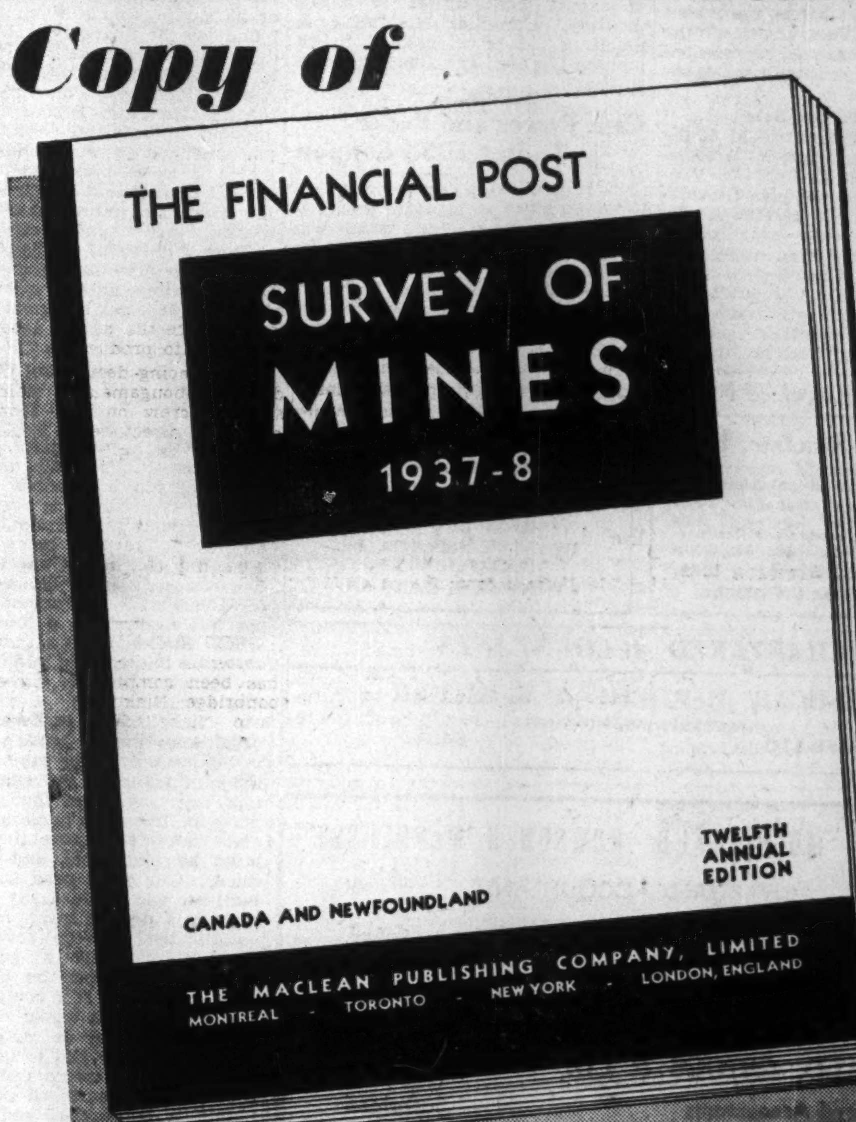

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Move to Stop Log Exports By Japanese

B. C. Interests See Threat of Exploitation in Tokio Move

C.M.A. AT WORK

From Our Own Correspondent

VANCOUVER. — Although shortage of ships and high freight rates have restricted the volume of British Columbia's lumber shipments to the Orient, announcement by the Japanese consul at Vancouver that his government has removed all tariff barriers on logs to be used in pulp manufacture has created a fear in some quarters that Japanese interests may exploit their timber holdings in this province and make large shipments of raw logs across the Pacific.

The announcement of the Japanese consul was given particular emphasis because it followed shortly after news of the acquisition of new timber holdings at the north end of Vancouver Island by representatives of Japanese pulp mills.

Japanese have held extensive timber limits on the Queen Charlotte Islands for several years, although there has been little logging there up until now. Several small logging companies are operated on Vancouver Island by Japanese. It is stated that one Japanese logging company which recently took over a stand of timber in the Cowichan Lake area has already started to ship logs to Japan.

Government Powerless

Where Japanese timber in British Columbia is held under Crown lease, the Provincial Government is powerless to interfere with the movement of logs across the Pacific. The Provincial Government controls only the export of logs from areas under its direct jurisdiction.

This condition has given rise to an agitation for restriction of log exports to foreign countries. The issue was brought before the recent convention in Vancouver of the Chamber of Commerce, represented by some of the country's outstanding businessmen.

Stop Foreign Sale

Frank C. Brown, president of the Canadian Manufacturers Association, who makes his home in Vancouver, made a strong plea for safeguarding Canadian resources. He said that his own organization, which is probably even more powerful than the Chamber of Commerce, was working to put a stop to the sale to foreign interests of Canadian raw materials, such as timber limits and iron ore, for export in the raw state, on the grounds that such practice was unsound policy.

"Today," he warned, "we have the unwholesome spectacle of foreign capital, using foreign labor, assembling Canadian raw materials for export in foreign ships."

This was interpreted as a direct reference to the activities of Japanese industrial interests in British Columbia who, in addition to their activities in timber, have been developing iron mines on the Queen Charlotte Islands and plan to ship ore in Japanese ships to Japanese mills.

Metal Shipments

Meanwhile, British Columbia mining companies are continuing to make shipments of metals to Japan. Although the movement of scrap-iron has fallen off appreciably, apparently due to the feeling by Japan that she has already acquired enough of this material to meet her present demands, copper, lead and zinc are still going forward.

Granby Consolidated Mining & Smelting Co. shipped 2,000 tons of copper concentrates early this month and is planning to ship 5,000 tons early in October. Britannia Mining & Smelting Co. on Howe Sound is shipping about 2,500 tons of copper concentrates to Japan monthly. Consolidated Mining & Smelting Co. is understood to be maintaining lead and zinc shipments to Japan.

Revenue Drops In Saskatchewan

Revenues of the Saskatchewan Government for the first four months of the current fiscal year were about $150,000 lower than in the corresponding period of last year, according to Premier W. J. Patterson. Revenue for the period totalled $4,499,146, compared with $4,648,375 in the corresponding four months of last year.

Receipts from all sources except the income tax were lower than last year. Income tax receipts, however, show an increase of about $125,000, amounting to $490,000 for the four-month period. Returns from the sales or education tax, which went into effect on Aug. 1, are not included in the total given above.

Can. Power and Paper To Pay 1933 Coupon

From Our Own Correspondent

MONTREAL.—Canadian Power & Paper Investments Ltd., which was reorganized a few years ago, has informed holders of the series A debentures that payment of $25 in interest for each $1,000 debenture will be made against surrender of interest coupon No. 1, dated Aug. 1, 1933.

He Builds Public Credit

G. C. McDonald, Chamber of Commerce President, Carries Experience Into National Field

By NORMAN A. WHITE

Foremost among the questions which will hold public interest in Canada during the next 12 months will be that of taxation and public finance. The study of the financial aspects of government in Canada by the recently appointed Rowell Commission is one of the most important investigations undertaken in Canada since Confederation.

To Canadian business this study will be of particular interest. It is not surprising, therefore, that more significance than usual was attached to the election of a president by the Canadian Chamber of Commerce at its recent convention in Vancouver.

In George C. McDonald, Montreal chartered accountant and head of the firm of McDonald, Currie & Co., the Canadian Chamber of Commerce has a president who is well qualified to direct preparation of the brief which the Chamber of Commerce will submit to the Rowell Commission on behalf of Canadian business.

A keen student of public affairs, he is well versed in the intricacies of Canada's taxation system and of public finance problems. He has, during recent years, been a severe critic of unsound financial policies and a strong advocate of constructive action to put government finances in this country on a sound basis.

It is a tribute to the organization which he now heads that his interest in public finance and the problem of government deficits and steadily increasing government debt was first developed by studies undertaken by one of its branches, the Montreal Board of Trade, of which he was president in 1929.

Partner Heads Junior Chamber

It is an interesting coincidence that H. C. Hayes, the new president of the Canadian Junior Chamber of Commerce, also hails from Montreal and is a former president of Montreal Junior Board of Trade. But even more interesting is the fact that Mr. Hayes is associated with Mr. McDonald in business, being a partner of McDonald, Currie & Co.

Mr. McDonald welcomes the appointment of the Rowell Commission. It is his hope that as a result of its study some solution may be found for the financial problems of the senior governments in Canada. In 1934-35, he was a member of the Alberta Resources Commission and the Saskatchewan Resources Commission. Both of these commissions recommended a study similar to that which is to be undertaken by the Rowell Commission. Their study of the problem of natural resources indicated that there were many aspects of the fiscal relationships between the provinces and the Dominion which needed clarification.

In 1934, he was a member of the "Brain Trust" which acted in an advisory capacity to Mayor C. Houde of Montreal when that city's credit was at a low ebb. Unlike most "Brain Trusters," however, he is no theorist, but is practical and orthodox in his viewpoint.

Because of his public utterances in regard to a possible financial crisis in Canada, he is regarded in some quarters as a pessimist. Actually, he is far from being a pessimist, but like many another businessman sees grave dangers ahead for Canada if government finances are not restored to a sound basis.

Mr. McDonald holds definite views on the trend of public finance in Canada. Here is what he told The Financial Post:

Sees Danger in Deficits

"Without doubt, burden of debt in this country is far too heavy and the continuance of government deficits has weakened our financial position. If we are to avoid a financial crisis in the future, then deficits must be eliminated and debt reduced. Our great need is balanced budgets, and when I say balanced budgets I do not mean merely an equilibrium between revenue and expenditures, but a surplus of revenue which can be applied to debt reduction. If I could be sure that governments would not use increased revenues as an excuse to abolish economy and to increase its expenditures I would even suggest that taxes be increased in order to obtain a substantial reduction in debt in prosperous times.

"Few people in Canada seem to realize the dangers inherent in continued deficits and piling up of government debt. If governments continue to pile up debt in good times as well as bad there can only be one result, and that is inflation, with all its disastrous results.

Fiscal Policy Inflationary

"The fiscal policy of governments in Canada during the depression years and during the recovery period to date have, in fact, been inflationary in character. New money requirements of governments have been financed through expansion of bank credit. As a result, bank holdings of government bonds have increased enormously. Thus, if a financial crisis develops and inflation is resorted to, the effects on the Canadian banking system will be disastrous. Canadian insurance companies will also be affected since they have a large portion of their funds invested in government bonds.

"In my opinion, only fortuitous circumstances saved Canada from a financial crisis during the depression years. When Canada was cut off from the London market, we turned to New York and were only able to borrow there because the Canadian situation happened to appear better than the internal situation in United States. Had the New York market been closed to us, then the results would have seemed calamitous, however salutary that event might have proved. Then, again, we were helped by the increase in the price of gold, which gave an enormous impetus to our mining industry."

"What, in your opinion," The Financial Post asked, "are the possibilities of a solution being evolved for our problems?"

A Crisis Will Force a Solution

"I have every confidence in the ability of Canadians to solve their problems, but I personally despair of any solution until such time as we are face to face with a crisis. It will not be until such a time that many people will admit that we have a serious financial problem: It would save much distress, however, if we would face our problem immediately.

"In refusing to face our problems, we are not unlike other nations. You will remember that it was not until a crisis had developed that the people of Australia undertook to put the financial structure of their country on a sound foundation. It was the 1931 crisis that forced Great Pritain to balance her budget."

Railway Issue

"What is the major problem facing Canada?," The Financial Post asked.

"The railway problem," Mr. McDonald replied. "It is true that relief has been a very large problem, but there is some indication that it is being reduced in importance. In an address in Regina in 1931, I referred to the railway question as Canada's major problem and nothing has happened since then to change that view.

"The first step toward solving the problem is to take the C.N.R. out of politics. It has been in politics from the very beginning and continually used for political purposes. But, here again, I despair of any solution until such time as the country is faced with a financial crisis. Then, if the people realize that the fiscal problems of the Dominion Government are largely due to the Canadian National Railways, perhaps some government will attempt a solution.

"Few people in Canada realize that considerably more than half of the Federal Government's debt and the resultant interest burden is attributable to the Canadian National Railways."

Reform of Government Accounts

As a chartered accountant, it is not surprising that balance sheets and financial statements are comparatively simple things to Mr. McDonald. It is a tribute to his ability, however, that he is one of the few men in Canada who understood the bill providing for the recapitalization of the C.N.R. which was passed by the Dominion Government at its last session. As a result, he was chosen by the Canadian Chamber of Commerce to represent it before the railway committee.

It may be in part due to this experience that he is a strong advocate for reform of the public accounts of the Dominion Government. It is his desire that the financial statements of governments should be so set up that the average citizen as well as the expert can understand them. At present, it is difficult, and sometimes almost impossible, for even an expert to understand the public accounts of the Dominion and some of the provinces.

"There has," Mr. McDonald states, "been a great deal of criticism in recent years of the financial statements of some corporations, but I know of no set of accounts more subject to criticism than those of the Dominion Government. For instance, every amount spent on capital account since Confederation is included as an asset although some of the assets created by these expenditures are worthless today, and some no longer exist.

"In my opinion, the public accounts should show the amount of debt that has been created for each specific purpose. If this was done, I think that it would be found that the Great War cost Canada much less than most people think and that most of the cost was paid off in the years immediately following the war. The major portion of the debt of the Dominion Government at the present time is due to the C.N.R.

"Not only would I like to see the debt classified, but I should like to see taxes levied for specific purposes. Thus, certain taxes would be earmarked for relief expenditures and others to pay the C.N.R. deficit and still others for interest on funded debt and general expenditures. In this way the people of Canada would know what they are being taxed for and where the revenue goes."

Native of Montreal

Unlike many prominent Montreal businessmen, George McDonald is a native son, having been born in Montreal in 1883. He has, in fact, lived in Montreal all his life, receiving both his secondary and university education there. He graduated from McGill University in 1904 with a bachelor of arts degree.

Since graduation he has continued to take a keen interest in his alma mater and in the activities of its graduate society. Today, his interest is greater than ever. He was appointed to the board of governors in 1932.

Asked by The Financial Post if he had found a university education valuable in his life work, he replied: "I think that a university education is valuable to anyone, but one only gets out of it what one puts into it. One of the most valuable features of university training is the contacts one makes at university."

Followed in His Father's Footsteps

Mr. McDonald's business career has been almost entirely devoted to accountancy. In this regard he followed in the footsteps of his father who was in business in Montreal as a chartered accountant from 1867 until 1904.

Upon graduation, Mr. McDonald entered the employ of the Anglo-Canadian Leather Co. He stayed two years with this firm, leaving to serve his apprenticeship with a firm of chartered accountants. In 1910 he went into business for himself. In 1914 he was joined by G. S. Currie.

Like most men of his generation, his business career was interrupted by the Great War. He joined the McGill C.O.T.C. and served overseas for four years with the Princess Patricias. He won the Military Cross and was wounded several times.

Since the war, the business of McDonald, Currie & Co. has expanded steadily. Today the firm has offices in Montreal, Quebec, Toronto and Ottawa.

Weyburn Suspends Interest Payments

REGINA.—Weyburn's city council has decided to suspend payments on debentures and interest commencing with Oct., 1937, and refuse to look upon their action as default, maintaining their financial position is such they cannot pay but they will pay as soon as possible.

Nine years poor crops, rising tide of opposition to paying high taxation and a heavy relief burden are stated as reasons for their action. It is reported pressure from taxpayers has forced council's hand.

Weyburn councillors have striven successfully during the last few years to keep up their payments and done everything possible in management of the city's affairs to safeguard its credit. Council is unable to collect money due it from the sinking fund investments on which payment of interest has been stopped. Bonds in question are largely Saskatchewan school and telephone debentures.

Payments by Weyburn during the next three months total $21,924.

Can. Inter. Trust Profits Higher

Earns $3.32 a Share on Preferred in First Six Months

From Our Own Correspondent

MONTREAL.—Earnings of Canadian International Investment Trust have shown improvement during the current year, net profit in the six months ended Aug. 31 amounting to $3.32 a share on the preferred stock as against $2.36 a share in the corresponding period of 1936. Preferred dividend requirements for the period totalled $2.50 a share.

Higher earnings per share on the preferred are partly due to increased revenue and partly to redemption of 1,500 shares of preferred stock. The number of preferred shares outstanding as at Aug. 31 last was 16,650 shares, compared with 18,150 shares a year ago.

Bond and other interest was earned 1.92 times, compared with 1.81 times in the corresponding period of 1936.

Tabulated below is a comparative statement of earnings and expenses:

Revenue and Expenditures
Six Months Ended Aug. 31

	1937 $	1936 $
Gross income	127,523	106,222
Less: Expenses	12,904	10,495
Bond & other int.	60,022	52,885
Net profit	55,407	42,842

Publishers' Paper Stocks at Peak

From Our Own Correspondent

MONTREAL.—Preliminary estimates indicate that at the end of August, United States publishers' stocks of newsprint on hand were equivalent to 63 days supply. At the end of July 54 days supply was in stock while at the end of Aug., 1936, stocks were available for 37 days.

The manner in which publishers' stocks are rising is giving cause for concern, as it is inevitable that in the very near future publishers will draw upon these stocks for their requirements with a consequent drop in the production figures of the operators.

Queen's to Start Labor Faculty

Industrial Relations to Be Studied in New Department

An Industrial Relations department will be inaugurated this session at Queen's University, Kingston, Ont., designed to equip men entering the business and industrial field with knowledge and sympathetic understanding of current employer-labor problems.

Co-operation and financial support for a five-year programme have been given by several industrial corporations. Formation of the department was decided after consultation with leading industrialists, labor officials and industrial relations experts. Conferences held the past two years at Queen's, in which University men met with representatives of labor and management, were considered a big success with much promise for development.

Appointment will shortly be made of a man highly qualified to analyze and investigate the labor problem. Research assistants will be shortly at work building up an information centre covering the whole field of industrial relations.

Special attention will be given to collating full and precise information on the policies and practices which obtain in Canadian industry in relations and responsibilities of management and labor.

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Whether you are at home, or on the street, on trains, street cars or motor, in church or theatre—Hydro plays an essential part in your safety and the protection of your property.

Police and Fire Department signal systems render immediate service in emergency. Traffic lights permit control and safety on our streets. Wig-wag systems flash and signal the danger of approaching trains. Better lighted streets make crime difficult.

In addition to these many guardians of your safety, Hydro goes still farther. Every electrical appliance or device must be approved by the H. E. P. C. Testing and Inspection Department before it goes into your home—every piece of electrical equipment is made as free of hazard as scientific knowledge and highly-trained technicians can make them.

In addition to being an important factor in your safety, and the protection of your property, Hydro is making every effort to extend the benefits of low cost power throughout the Province of Ontario. These efforts are made in **your** best interests, and their success will affect **your** prosperity. You should, therefore, be vitally interested in Hydro and what it is doing for you.

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